FINANCIALTIMES

### World News

### **Soviets offer** to mediate over Tehran's death threat

Mr Gennady Gerasimov, Soviet Foreign Ministry spokesman, indicated Moscow was willing to help diffuse the international furore over the publica-tion of Mr Salman Rushdie's book "The Satanic Verses," after the Iranian Parliament had voted to sever diplomatic ties with Britain. Page 18

### Pakistan pressure

Pakistan's military intelligence is exerting increasing pressure on Afghan Mujahideen commanders around the besieged city of Jalalabad to launch a major attack in the next few days and capture the provin-cial capital. Page 4

### Gandhi budget

The administration of Mr Rajiv Gandhi, India's Prime Minister sought to strengthen its social-ist credentials with a welfare oriented budget designed to broaden its mass support in advance of the general election due later this year. Page 18

Rebei victory claim Ethiopian rebels said the Gov-ernment abandoned Mekele, capital of the northern Tigray province. There has been no independent confirmation of the report issued by the Tigray People's Liberation Front (TPLF). Page 4

### Tokyo standstili

Japanese parliament was brought to a standstill after the ruling Liberal Democratic Party refused to accept opposi-tion demands for Mr Yasuhiro Nakasone, former Prime Minister, to be called to answer questions about the Recruit financial scandal. Page 4

Korean border clash South Korean dissidents trying to reach the border for talks with North Koreans wrestled with US soldiers guarding the demilitarised zone. Page 4

### Tamils kill 37

Tamil separatist guerrillas went from house to house in the Sri Lankan village of Borawewa in north-central prov-ince, systematically killing 37 people, including 10 children with swords and guns, Reuter

### Amnesty names Iraq

Brutal treatment of children for political purposes has become routine in Iraqi pris-ons, according to Annesty International, London-based human rights group. Page 4

### Central America aid

The European Community ade a commitment to expan ded economic support to Cenrecent peace proposals in the region. Page 6

### 747 door faults

The Boeing 747 cargo door that blew open over the Pacific, sucking nine people to their deaths, had an electrical fault in December and trouble with a door seal in January according to federal investigators.

# Vote for crown

Malaysia's hereditary rulers began a three-day meeting to elect a new king for the next five years under the country's constitution. Page 4

Smokeless failure R.J. Reynolds Tobacco Co. of the US, said it was giving up on the development of a "smokeless cigarette", called the Premier, because tests had

### Business Summary

### Compagnie du Midi falls to Axa group

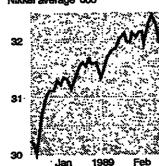
CLAUDE BEBEAR emerged as the victor in the nine month long struggle for control of

NIKKEI Index recorded its largest fall this year to close

300.17 down at 31,985.60, after fluctuating narrowly through-

out the day. Nervousness

Japan



about weak overseas markets and the political situation at home had dealt the equity market a blow. World Stock Markets, Section II

UNILEVER, Anglo-Dutch consumer products group, over-came the hazards afflicting its international operation in 1968, and came up with a 10 per cent increase in pre-tax profits. Page 19

GEC-MARCONI, defence arm of General Electric Company, said that alleged irregularities for which three of the group's companies have been summonsed to appear in court next week involved contracts worth no more than about £1.2m (\$2.08m) in total. Page 12

LEADERS of countries in the European Free Trade Association are seriously considering proposals to establish a cus-toms union with the European Community, according to a document leaked in a Norwegian newspaper. Page 18 INSPIRATION RESOURCES, North American diversified

of Mr Harry Oppenheimer's South African empire, reported a sharp increase in net income for 1988. Page 22 SONY, Japanese electronics

group, is to open its first manufacturing plant in Italy this month, in a move aimed at expanding its production facilities in Europe. Page 8

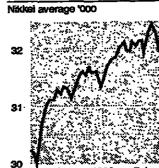
group being groomed for priva-tisation. Page 3 EUROPEAN Community has accepted price undertakings from four out of five South Korean and Japanese video cassette recorder producers found to be exporting to the

ALFRED McALPINE, British construction group, announced a 35 per cent drop in pre-tax profits to £20.47m (\$35.5m) in the 12 months to the end of October. Its turnover increased slightly from £583m to £591m. Earnings per share totalled

Israel's government and banks agreed to reschedule the Shl7bn (\$3.9bn) debt of the kibbutz collective settlements,

long struggle for control of Compagnie du Midi, French diversified insurance group.

Mr Bébéar's Axa group, which agreed to ally with Midi last April and now owns 28.6 per cent of its capital, swept the field at a shareholders' meeting, defeating rival Mr Bernard Pagézy. Page 19



natural resources group 56 per cent owned by Minorco, part

**BRITISH Government** approached the European Comission for clearance for its plans to take over £390m (\$677m) of the debts of Short Brothers, Belfast aerospace

EC at unfairly low prices, but imposed definitive dumping duties on the fifth. Page 8

38.5p (59.8p) but the final dividend is unchanged at 11.6p, making 16.lp for the year(16p). Background, Page 27

Mr Shimon Peres, Finance Minister, said.

Democratic Republic," one Bonn official said last night. Tougher regulations

maintenance and repair of age-ing jet airliners are likely to be

introduced by the US authori-

ties in a move which could cost the world air transport indus-try hundreds of millions of dol-

lars over the next few years.

The measures, which are almost certain to be adopted by

other international aircraft regulatory bodies in the next

few months, stem from a review carried out by an air-line and aircraft manufactur-

ing industry task force set up last June to study the problem of the growing number of age-ing jet aircraft in the world

The task force, which con-centrated on Boeing aircraft, yesterday recommended that the US Federal Aviation

Administration should make mandatory a series of recom-mendations to ensure the con-

tinued safe operation of ageing

These measures could cost \$800m worldwide over some

The task force is part of a larger steering group looking at several makes of aircraft

and consists of five jet airliner manufacturers — Boeing, McDonnell Douglas, Airbus

Industrie, British Aerospace and Fokker - and many big

Reports on other makes will

aircraft in that fleet.

follow soon.

Meissen chief executive flees to West Germany By David Marsh in Bonn and Leslie Collt in Berlin

THE chief executive of East Germany's Meissen porcelain company has fied to West Germany. His departure will cause concern in the political and economic hierarchy of the communist Mr Reinhold Fichte, at 46 one of East

for checks on old

By Michael Donne in London and Nancy Dunne in Washington

TOUGHER regulations for the jets should undergo intensified

aircraft likely in US

maintenance and inspection

craft reach a specific age, air-lines will be required to modify

or replace parts, even though

inspection may not reveal any

tion of America, representing US airlines, which released the

result of the review, estimates the cost of the programme at about \$600,000 per aircraft to be spread over several years. Some airlines have already instituted the modification and replacement, process, while

replacement process, while

others have stepped up their inspection procedures.

The review was conducted as part of long-running investiga-tions into the problems of

"geriatric jets," rather than as a panic measure following recent incidents in which the

safety of several types of jet airliner has been called into

Last summer, the FAA held a conference in Washington, attended by other world regulatory bodies, airlines and manufacturers, to consider the

problems of ageing jets. The task forces were then set up to

study specific aircraft

report, Boeing published the

results of its own studies, conducted over a sample of 72 age-

ing jets used by 45 airlines in 24 countries, including British

As well as yesterday's

The Air Transport Associa-

In many cases, when the air-

Germany's top managers and reputed to be a confident of the East Berlin politi-cal leadership, absconded to the Federal Republic during a business trip. Although the state-run company has recently been facing problems over mality it is world propused for meet quality, it is world rehowned for meet-ing the tastes of well-heeled westerners and thus has a reputation out of keep-ing with East Germany's dour image. "It is a shop window for the German

Mr Fichte's flight is the most spectacular in the recently rising tide of illicit emigration from East to West Germany. According to Bonn government figures, 9,705 people fled from East Germany last year - a rise of 55 per cent on the 1987 figure and the highest annual total since 1985. Most of the fugitives, like the Meissen

chief, stayed on in the Federal Republic after crossing the border on authorised Officials declined to give further details because of the sensitivity of the affair, but reports in the West German press suggest that Mr Fichte may have decided to remain in the West with a

girlfriend.
Meissen, based near Dresden, ranks as one of Europe's oldest porcelain com-

allowed access to the West because of his good connections with Mr Guenter Mittag, the East German Politburo member with responsibility for the

The Meissen chief, who travelled to West Germany to attend the annual Frankfurt industrial fair in mid-February, is believed to have left his wife and two children in East Germany.

His departure underlines how large numbers of qualified and talented East Germans continue to seek a new life in the West, in spite of East Berlin's efforts to keep them under communism. Since the building of the Berlin wall in

panies. It was founded in 1710 and is among East Germany's main export earners.

Mr Fichte has frequently been the strength of gal departure last year of another top East German manager, the head of the Planeta printing machinery enterprise, which, like Meissen, is among the state's most important earners of hard

Mr Fichte's decision to quit may have involved dissatisfaction with the latest Meissen designs, which have been regarded as less than successful than others in the porcelain world.

The company is also believed to have had problems over the introduction of incentive schemes for workers, a move looked on as breaking traditional Marxist principles.

# **Troops move to** halt price riots in Venezuela

By Joseph Mann in Caracas

TROOPS and armoured hicles moved into the streets of Caracas and other major Venezuelan cities yesterday to put down a wave of civilian rioting and looting in protest against higher prices imposed as part of the country's new economic austerity pro-

Police said that more than 20 people had died nationwide in two days of riots, while thousands had been injured, mainly from gunshot wounds or bro-ken glass. Hospitals in the cap-ital Caracas declared a state of

emergency.
Police on Tuesday reported the detention of over 1,000 people in Caracas alone. President Carlos Andrez Perez has been confronted with the unexpected wave of popular unrest after less than a month in office.

The riots are the worst since the early 1960s when rebels on the left and the right used vio-lence in an attempt to over-throw a newly installed demo-

cratic government. The capital city of over 4m was paralysed yesterday, as mobs of men and women of all ages broke into stores and shopping centres, carrying off boxes of food and liquor, large appliances, and even motor-

The modifications and improvements proposed would with shattered glass and filled with the sound of speeding police vans and chanting mobs. but the result would be to extend the lives of many jets, before they become too expen-Schools, businesses and offices closed down and radio to fly and are stations warned citizens to Putting airliners on a rejuve-

stay off the streets.

President Perez, speaking on television on Monday night, said that he understood why many people were protesting Background, Page 6

over higher prices, but warned that the Government would not tolerate violence and loot-

On Monday students and others using public transport in Caracas and eight other cities staged spontaneous pro-tests over new fare increases. In some areas, bands of youths wearing hoods ("encapuchados") provoked police, petting them with stones and other debris and firing on them with guns and home-made

Although some rioters appeared prepared for trouble, President Perez's announce-ment of a series of tough new austerity measures on Febru-ary 16, had already antagon-ised public opinion.

Added to this the prices of a

wide variety of goods and ser-vices have risen sharply in local currency terms. Wages, however, have been hit hard by two years of high inflation. The economic measures are part of a government effort to balance the nation's internal and external accounts and promote long-term growth. Vene-zuela earns \$8.4bn a year from petroleum exports, but its income is not enough to cover service payments on a foreign debt of some \$33bn and meet

domestic needs. While riots were taking place in Caracas, representatives of the Venezuelan Government were in the US to discuss the signing of an agreement this week with the International

Monetary Fund. Venezuela hopes to receive several billion dollars in loans from the IMF and the World Bank over the next few years.

### New Co-op chief says accounts concealed big losses

D 8523A

By Haig Simonian in Frankfurt

CO-OP, the highly indebted West German food retailer which is now the subject of a bank rescue package, will probably report a DM1:20m-DM1:25m (\$66.6m-\$69.4m) loss for 1988, according to Mr Hans Friderichs, its new supervisory board

Speaking at the group's Frankfurt headquarters, Mr Friderichs and the new members of Co-op's managing heard detailed an astonishing list of circumstances and alleged transgressions which led the group to the brink of bank-

According to an accountants' report, Co-op, whose shares will restart trading today after suspension, has been in the red since 1982, despite claiming to be profitable in its accounts and October 1987 prospectus. How that was done was not

wholly revealed yesterday. But the company said one way in which profits had been inflated by DM200m-DM300m since 1982 was through the accounting treatment of the sale of certain store rental rights to Handels Investitions GmbH (HIG), a non-consolidated subsidiary.

The resulting unduly high rental cost for Co-op's stores is just one of the many factors.

just one of the many factors now burdening the group's profitability, Mr Friderichs

Sales have also fallen sharply. According to prelimi-nary figures for 1988, adjusted for acquisitions during the year, a 12.6 per cent rise at the group's superstore and do-it-yourself subsidiary failed to compensate for the 5.6 per cent fall at Co-op Handels, the main retailing operation, and a 5.3 per cent drop at Co-op Industrie, its food production arm. Including acquisitions, sales at Co-op Handels rose by almost 16 per cent to DM8.8bn. Central administrative costs

were also excessive, amounting to DM56m last year, well above the industry overage and partly a reflection of Co-op's byzantine structure. Together, Co-op itself, HIG and Garvey Holding - the operation in charge of its foreign activities - each have about 100 subsidiaries, said Mr Friderichs. Co-op's new management

which was appointed after its previous three-man management board was sacked in December, thinks it has now gained the measure of its domestic retailing and property operations. However, it

Continued on Page 18

# According to the review, ing jets used by 45 more than 1,300 early models of Boeing 707, 727, 737 and 747 Airways in the UK. Merrill attacks London Stock Exchange over change of rules

# By Nick Bunker in London

LONDON's International Stock Exchange was accused by one of its leading US members last night of trying to turn back the clock to the era when equity market trading was dominated by a handful of large stock-job-

bing firms.
In one of the most strongly worded protests yet delivered against rule changes imple-mented by the Exchange in the last three weeks, Mr John Hei-mann, vice-chairman of Merrill Lynch Capital Markets, the US securities house, said the new rules looked like an attempt to re-establish "the old oligopoly" that prevailed before the Octo-

ber 1986 Big Bang. Though other US houses in London were reluctant to endorse his remarks publicly yesterday, Mr Heimann's com-ments mirror discontent felt by US securities firms, some French and German banks which have bought into the London market in the last few years, and some domestic

on market-makers to deal with each other, and to allow delays in the reporting of large trades. They have encountered criti-cism in some quarters because well-established old British market-making firms to

Mr Heimann said the rule changes meant that the Exchange was "in danger of eliminating or downgrading the very principle of transpar-ency on which the new suppos-

changes, though "seemingly parochial...raise important public policy issues." They could drive some market-makter opportunities elsewhere, which would threaten to diminish global investor inter-est in shares in UK companies.

edly level playing field was created." Mr Heimann said that these ers out of London to seek bet-

"Why should those firms, who feel themselves effectively excluded by these reforms, commit their resources to extensive research coverage of UK companies, and tie up the precious commodity of capital if they feel that their competi-tive position has been substanweakened?" he said. He also stressed one of the

Both the ATA and Boeing

suggested the modifications to ageing jets, ranging from

changing rivets in fuselage panels through to replacing bigger parts, according to the

age of the aircraft.

A basic age of 20 years is being taken as the benchmark

for such modifications, although it could vary according to where and how an individual aircraft has been flown. Boeing's view is that corrosion

is the most serious problem,

with structural problems the

The results of the other studies covering Douglas jets and those of other makers in

the UK, France, and Holland, have yet to be released. The FAA will study them all, and issue a "request for proposals"

from the manufacturers and

airlines for new rules govern-

ing maintenance procedures for ageing jets, to become law in the US later this

Boeing acknowledged that

airlines operated in widely dif-

ferent environments. The aim was to establish identifiable

problems with worldwide stan-

expensive for some airline

dard solutions.

least significant.

biggest objections to these rule changes voiced by some securi-ties nouses, especially the USowned firms, centring on their impact on the market for derivative instruments including options. According to Mr Hei-mann, the rule changes would reduce the reliability of the prices for UK equities quoted by market-makers on the Exchange's Seaq screen-based dealing system.

This would then have the knock-on effect of undermining the market for derivative instruments, which depend on the prices of the underlying securities traded in the main equity market.

The head of securities trad-ing at another leading US house said: "He's not pulling his punches, and we agree with him The Exchange came out with these rule changes in December driven by the dire economic state of the business, but insufficient thought was

# sions to remove the obligation

His criticisms, in a speech to the Association of Corporate Treasurers in London, focused on the Exchange's related deci-

given to the long-term implica-

Aircraft: Efforts to ensure safety in old age ... 3

UK-Iran: Problems of having no diplomatic China: End of a 20 year rift with Indonesia .....4 **World Trade:** Refugee furrier refashions links with eastern Europe ...

Editorial comments Political crisis in Sudan; Standards in UK schools ..... Lombards A communist monopoly over lan-

36 Raw Materials Stock Markets -Wall Street ..... 41-45 -London 38-51

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### MARKETS Hong Kong Hang Seng Index 3000

2800

Jan 1989 Feb INTEREST RATES US kinchtime Federal Funds 913 (same) 3-mth Treasury Bills: yield: 9.01% (8.989) Long Bond: 97 33 (96.2) yield: 9.122% (9.154)

3-month interbanic

Mr.

ciose 133 % (same)

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DM1.8225 (1.817)

New York

GOLD

S&P Comp 288.73 (+0.91) FT-SE 100 2,002.4 (+5.7) 143,89 (Mon) DM1.8205 (1.823) FFr6.1975 (6.2075) Tokyo Mikkei Ava Y128.725 (126.25) 31,985.60 (-300.17) Frenkfurt FFr8.2000 (6.1875) 1,618.7 (+23.0) SFr1.5555 (1.552) Y126.85 (126.5)

STOCK INDICES Dow Jones Ind. Av. 2,258,39 (+8.03)

Brent 15-day (Argus) latest \$17.10 (-0.25) (March) West Tex Crude \$18,125 (-0.15) (April)

### CONTENTS Nigeria: The African power



President Ibrahim Babangida's bloodless coup in Nigeria in 1985 was widely and warmly welcomed, But the heady days when the country's planners envisaged a technological leap into the 21st century are over Page 16

guage ..... ireland: Protestantism in decline Editorial Comment .....

Unit Trusts

Companies --Companies --Companies -World Trade -Britis --Companies ---19,24 12,13

MOSCOW'S Communist Party chief Lev Zaikov has demanded an end to "disorder" on the Arbat, a popular pedestrian area where artists vie with pavement poets in what has been dubbed "free speech street," Reuter reports from

Moscow.

Mr Zalkov, a member of the Kremlin's ruling Politburo, told a meeting of the capital's party organisation at the weekend that an "impermissible sit-uation" had arisen on the street with "open anti-Soviet-ism" flourishing under the flag of democracy.

"We must wage a much more decisive struggle against extremists and nationalist minded people and groups," he said. This, he added, would be no violation of democracy.

Mr Zaikov's remarks, reported by Moscow newspa pers, clearly reflected strong official concern at the increasingly political tone taken by impromptu speech-makers and contributors to a "poetry wall"

on the ancient thoronghfare. Crowded with strollers, shoppers and foreign tourists, the Arbat has become over the past two years a focus for the new readiness of many ordi-nary Russians to put glasnost

Last weekend on "poetry wall," a stretch of wooden fencing in front of a vacant lot half-way along the street, young and elderly Muscovites contributed acerbic verses scribbled on sheets of paper provided by a bearded man in

his forties.
Typewritten verses compare Communist Party officials with the nobility of Tsarist Russia. "Our leader-tsars come and go," read one, "but each one blames the one before for all

# Zaikov raps French takeover policy put to the test

By George Graham in Paris

INVESTMENT bankers in Paris are watching the prog-ress of two takeover bids which have turned into litmus which have turned into litmus tests of whether France has changed its attitude to foreign takeovers in the wake of President François Mitterrand's tirade two weeks ago against stock market "gangsterism" and "predatory" money.

The Finance Ministry is close in amouncing its design

close to amouncing its deci-sions on whether to allow the takeovers of paper producer Aussedat Rey and Spontex, the kitchen sponge manufacturer, by US groups.

However, the decisions have

been delayed by the President's warning that he would not permit "the pillage of the French economy" by takeover bids, and by the emergence of rival French hidders, willing at least to match the US offers.

The US chemical products group, 3M, agreed last September to buy Spontex from its parent Chargeurs for FFr1.1bn dat's Saillat aite, as well as FFr250m of investments elsewhere in its paper and board

By Raymond Snoddy in London

SES, the Luxembourg company

which launched the 16-channel Astra television satellite in

December, has reached agree-

ment to buy a second existing satellite and put it into service

It will be placed in the same orbital position as the first,

which broadcasts Mr Rupert

Murdoch's four channels of Sky Television. This will give

SES the capacity to transmit 32 television channels all over

Informal expressions of interest are already being sought for the 16 new tran-

sponders each of which can

broadcast a television channel. SES, whose backers include

Luxembourg financial institu-tions and three British ITV

Western Europe.

(\$178m).

The French competition council ruled that the merger could go ahead, despite the hined company would have in the kitchen scouring pad mar-ket, but the final decision of Mr Pierre Beregovoy, the Finance Minister, has not yet been announced.

A rival consortium has now emerged, grouping Spontex employees, the leveraged buy-out specialist LBO France, the out specialist LBO France, the banking and investment group Suez, and the investment fund Euris, associated with the Rothschild group, and offering to match 3M's FFrl.1bn.

Aussedat Rey, meanwhile, agreed last month to accept a FFr2.2bn bid from International Paper, the world's largest many commany. IP promises

est paper company. IP promised, in addition, to finance a FFr2bn expansion in Ausse-

independent television compa-nies including Thames Televi-

sion, is buying a GE Astro sat-ellite – a satellite built for a joint venture between satellite

makers GE and Time, owners of the US pay television channel Home Box Office.

Although there is overall agreement on the deal, discus-

sions are still continuing on one aspect of the financial package. The satellite owners

want to take payment for the satellite that is surplus to

requirements partly in cash and partly in the form of a slice of equity in SES.

The purchase of an already constructed satellite which can

be converted for European use means that SES will be able to double its capacity, possibly by

SES in deal to buy second Astra satellite

activities.

Arjomari Prioux, the largest French paper group just ahead of Aussedat, now proposes to match the IP hid, as well as promising FFr2.4bn of investment on its own and Aussedate after a stress.

dat's sites.

Arjomari is backed by the St
Louis sugar group, now its
principal shareholder, which
has developed something of a

speciality in not quite concrete bids. It made a similar offer to buy the Buitoni food companies from Italy's de Benedetti group, after the latter had already agreed to sell Buitoni to Nestlé of Switzerland.

The two French paper groups yesterday beld talks, at the request of the French government, but Aussedat appeared to have no intention of changing its mind.

French government officials, though refusing to commit themselves on the Finance Minister's eventual decisions,

the middle of next year but by October 1990 at the latest.

owners of Astra satellite dishes

will be able to receive 32 chan-

nels within a year of the launch of British Satellite Broadcasting although many of the new Astra channels could

be aimed at non-English speak-

ing markets.

BSB plans to launch three channels of television aimed specifically at the UK in September and add a further two

The second Astra satellite is

theoretically a back-up satellite

but because of the reliability of

modern technology all 16 tran-sponders will be used for new

programme services. Each sat-ellite has, in any case six spare

channels in 1990.

It now seems likely that

yesterday sought to play down fears of a new protectionist

"On the whole, we tend to prefer a foreign industrialist to a French financier," commented one official, noting that it would be difficult to justify a ban on the two acquisitions at a time when French companies, such as the state-owned aluminium group Pechiney, are on the takeover trail in the

Bankers involved in the two American bids still feel that American bids still feel that their acquisitions would be allowed to go through. They point out that both buyers were industrial groups with serious plans for developing their new subsidiaries, not the financial speculators denounced by President Mitterrand.

They are still watching carefully, however, to see if the President's words have changed the climate for foreign

Discussions are taking place

with six potential industrial

sponsors to provide much of

the financial backing for Mr

Murdoch's Sky Arts channel, The Astra channel aimed at all

of Western Europe is scheduled for launch in the autumn.

and chief executive of News International, has decided to

put together his own arts chan-nel following the end of talks with the existing arts channel now being funded by United Cable of the US.

Apart from possible indus-

trial sponsors it is believed Sky

has been approached by orchestras and opera houses offering sponsorship in return

for access to the airwaves.

Mr Murdoch, the publisher

transponders.

### Solidarity's recovery brings old feuds to life

By Christopher Bobinski in

INTERNAL RIVALRIES and long-standing political feuds in Poland which were muffled under martial law are beginning to re-surface within the Solidarity movement as Mr Lech Walesa continues with his efforts to win back a public role for his movement at round-table talks in Warsaw.

round-table talks in Warsaw.
One potentially divisive issue is whether Solidarity should recognise its dissolution under martial law and register anew, or seek re-legalisation with its 1981 statute and leadership intact.
Last week Mr Mieczyslaw Rakowski, the Prime Minister, insisted that the authorities

insisted that the authorities were interested only in registering a new union.
Indeed, this position seems to have been conceded by Mr Walesa and a majority of the union's establishment.

union's establishment.

Last Wednesday, however,
Mr Walesa ran into a full
blown row in the industrial
city of Lodz where Solidarity
is split, even as it reorganises
in the factories, between

supporters of the majority line andleaders like Mr Andrzej Slowik, elected in 1981, who argue that their mandate still Mr Walesa was in Lodz for a meeting with 5,000 supporters on one of his trips to explain current policies, but the encounter was dominated by the issue of who was to run

the region. Supporters of Mr Slowik, in a minority at the ticket-only meeting organised by their rivals, nevertheless demonstrated their allegiance energetically by holding up placards bearing their leader's

Mr Slowik, a bus driver who led the strike in the city in 1980 and then spent almost three years in prison during the martial law period, was particularly incensed that Mr Walesa had nominated in Japuary Mr Japuary January Mr Jerzy Dluzniewski, who had also served time in prison under martial law as local Solidarity

chief. Some two years ago Mr Slowik and several other of Solidarity's "historic" leaders were eased out of the union's then semi-clandestine steering

They have since set up a "working group" which claims support in Szczecin, Czestochowa and some smaller towns and which is demanding that Mr Walesa call the union's 1981 leadership into

The Solidarity leader admitted last Wednesday that he no longer recognised the union's 1981 statute or elections and was now acting as a "usurper" whose duty was to establish a legal Solidarity which could then proceed to hold union election

Mr Walesa, who is asked

about the working group's demand almost wherever he goes, steadfastly refuses to He argues that, with so many members of the leadership abroad, such a meeting would easily be infiltrated by the security

services.

# Serbia to gain greater sway over Kosovo

By Judy Dempsey in Vienna and Aleksandar Lebi in Belgrade

TENSIONS BETWEEN Serbia and the neighbouring province of Kosovo were heightened yes-terday after Mr Raif Dizdar-evic, Yugoslavia's President, said that Serbia's constitution would definitely be strength ened to give it greater control over Kosovo's affairs.

His comments came in spite of ethnic unrest in Kosovo and what seems a partial victory for ethnic Albanian miners in the province who staged an eight day strike in protest at Serbia's attempts to run the province.

The strike ended late on Monday night after the miners had forced the resignation of three top Kosovo party officials who support Mr Slobodan Milo-sevic, Serbia's powerful party

Yesterday, Mr Dragan

Tomic, head of the party-hacked Belgrade branch of the Socialist Alliance union group-ing, who is a close ally of Mr Milosevic, demanded that the "organisers of the strikes be arrested" and that the Kosovo party resignations should not be accepted. These remarks, along with President Dizdar-evic's, could lead to fresh strikes by the ethnic Albanians who want to regain their politiwho want to regain their political autonomy.

Mass demonstrations were

held yesterday in Belgrade and other towns in Serbia and Montenegro to protest at the devel-coments in Kosovo. After Alba-nian miners ended their strike, Serbian and Montenegrin min-ers descended into pits in Rosovo vowing not to come out if the demands of their Alba-nian comrades were satisfied.

tries for raising prices to the point where low income groups were suffering the most. This had nothing to do with "social

justice he said.

The growing outspokeness among East Europeans began with the war of words between Hungary and Romania over the treatment of the 1.7m ethers.

nic Hungarians in Romania. It escalated this week to the point where Hungary called on

the United Nations to investi-

gate Romania's plan to raze thousands of villages, includ-ing those of ethnic Hungarians. Hungarian officials also reg-ularly criticise economic links

with the Soviet Union as being

to Hungary's disadvantage, a theme cautiously picked up by

The Hungarian press, the most open in Eastern Europe, gleefully lashed into an article

criticising glasmost and destal-inisation in the Soviet Union

written by Prof Eva Fojtikova, wife of the Czechoslovak par-ty's hard-line ideological chief, Mr Jan Fojtik. The recent trials

Czechoslovakia.

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SIEMENS

### E Europeans feel freer to: criticise the neighbours

By Lesile Colitt in Berlin

EAST EUROPEAN countries have recently been taking more advantage of Moscow's policy of non-interference in their affairs to express growing criticism of each others' politi-cal and economic systems.

Poland's reform-minded
Prime Minister, Mr Mieczyslaw
Rakowski, angered the ortho-dox leadership in Prague last week by attending a perfor-mance in Warsaw of a play by Mr Vaclav Havel. Only a few days earlier the Czechoslovak human rights campaigner had been sentenced to nine months in prison for attempting to lay flowers at a statue in Prague. Recently, the conservative East German leadership was also taken aback when a lead-

ing member of the Soviet politburo, Mr Alexander Yakovlev, noted apologetically on West German television that "we did not build the Wall" in Berlin. In a pointed response, Gen-eral Heinz Kessler, the East German Defence Minister, said the Soviet army had backed East German forces when the

Wall was built in August 1961. The securing of the Wall, he said, not only served East Germany's security but also "that of our neighbours." Professor Otto Reinhold,

head of the East German par-ty's Academy of Social Sci-CTITU reforming East European coun-

in Prague and protests against them were also given widespread coverage in the Hungarisn media.

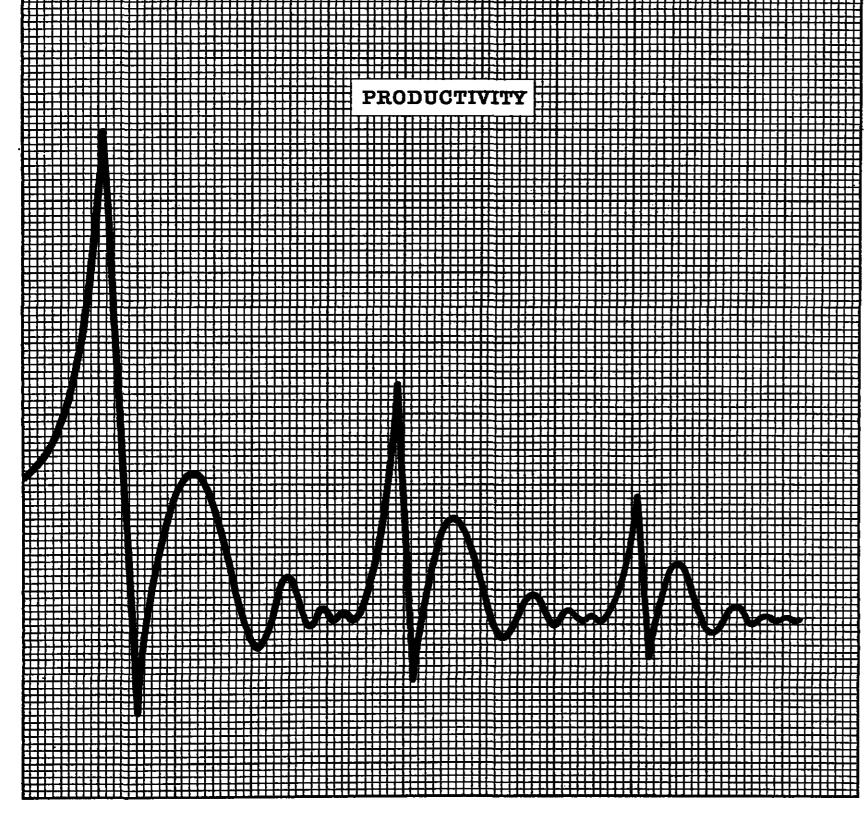
The blunt criticism being voiced in Eastern Europe these days often reflects long suppressed emotions in a region tight Soviet control

### Workers want third of Waterford glass

THE 2,000 workers in the crystal division of Ireland's Waterford Glass Group bave demanded a 33 per cent share in the company's crystal-mak-ing operations, writes Kieran Cooke. This is their price for accepting a mana nent res cue plan for Waterford's crystal division. Last month, Waterford said "accountance errors" in the crystal division meant performance would be well down on the expected level. Workers rejected a management rescue planincluded a pay freeze. ent rescue plan which

FINANCIAL TIMES

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### BRITISH INDUSTRY IS SUFFERING FROM HEART DISEASE. PICK UP THE PRESCRIPTION ON APRIL 19!"

In Britain last year more than 30 million working days were lost due to heart disease. It causes 9 times as many deaths here as it does in Japan.

The Health Education Authority is holding a conference for personnel directors and chief executives on effects and possible solutions, including its 'Look A CAMPAIGN TO PROMOTE HEALTHIER LIFESTYLES SUPPORTED BY THE HEALTH EDUCATION AUTHORITY AND THE DEPARTMENT OF HEALTH

After Your Heart in the Workplace' scheme.

The conference will be held in London. Norman Fowler, Secretary of State for Employment, will speak, as will David Mellor, Minister of State for Health. So take the day off work. Doctor's orders.

MAKE A NEW START LOOK AFTER YOUR HEARTI-

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WE ARE PLEASED TO ANNOUNCE THAT Ambassador Max M. Kampelman PORMERLY COUNSELOR OF THE DEPARTMENT OF STATE AND HEAD OF THE U.S. DELEGATION TO THE NEGOTIATIONS ON NUCLEAR AND SPACE ARMS WITH THE SOVIET UNION HAS REJOINED THE FIRM'S WASHINGTON OFFICE. FRIED, FRANK, HARRIS, SHRIVER & JACOBSON 1001 PENNSYLVANIA AVENUE, N.W. WASHINGTON, D.C. 20004 LOS ANGELES LONDON

# Date set for European broadcasting accord

THE 22 member countries of cast by channels in the system. the Council of Europe sim to RC officials will attempt to the Council of Europe aim to finalise on March 15 the details of a common legal framework for cross-border broadcasting.
National ambassadors to the Strasbourg-based Council. Strasbourg-based Council, an international body mainly con-cerned with human rights and culture, agreed yesterday to

meet next month to complete their draft broadcasting convention, paving the way for its final adoption by May.

This follows the resolution a day earlier of a deadlock by European Community trade and industry ministers over the most contentions part of a the most contentious part of a similar proposal by the Euro-pean Commission. Both organi-sations' proposals are for international norms for advertising breaks, moral standards and the proportion of European-made programmes to be broad-

agreement at a special ministerial meeting on March 13. All EC countries are members of the Council of Europe and so would have to observe both

sets of rules.

Meanwhile, foreign ministers of the Strasbourg Council plan to open their convention for ambassadorial meeting on March 15, the last hurdle before full adoption. The EC accord on Monday evening removes an important area of possible conflict between the two broadcasting proposals and reduces the likelihood of

EC ministers agreed that mum commercial freedom. programmes which included a The remaining issues to be majority" of European content, to be monitored by the Commission, should be guaran-Commission, should be guaranteed the right to be broadcast anywhere in the EC. The Commission, backed by France and Italy, wanted a legally binding 60 per cent European programme content. This was successfully opposed by most northern EC countries, led by Britain and the Netherlands, which wanted to follow the Streeburg Council's line and Strasbourg Council's line and

have no fixed European quota, beyond a simple majority. While the accords on European quotas will make little practical difference (especially in the UK, where 85 per cent European content is already the norm) northern member television companies maxi-

cleared up by mid-March are far less divisive, though still pose problems. They include the amount of time to be reserved for advertisements and the frequency with which they should appear, where the Commission and the Council of Europe both propose a maximum of 15 per cent of daily airtime to be set aside for

advertising.
However, the Commission and some member states do object to a parts of the Council's draft convention that could allow governments uni-laterally to interrupt foreign broadcasts that do not comply with local advertising and censorship regulations. These could conflict with EC free trade rules, say Commission

# Millan faces tough choice on regional aid

By David Buchen in Brussels and Hezel Duffy in London

THE POLITICAL heat is being tursed on Mr Bruce Millan, the new Commissioner for regional policy, as he finalises his list of decitaing industrial areas due to get some Ecu675m (£438m) in EC aid this year. The heat is coming mainly

from Mr Millan's own country, whose government officials whose government officials yesterday complained that Bultain looked like getting "a raw deal". From recent takes involving UK infinisters, they feared that such depressed areas as Govan and Ayr in western Scotland, industrial black spots in West Yorkshire, Nottinghamshire, Lancashire,

wates, and problem urban areas, including some of inner London, would "fall off the edge " of Mr Millan's list.

A Commission official yesterday firmly rejected the UK complaint, noting that Mr Millan would only be submitting his final list for company to his his final list for approval to his Brussels colleagues on March 8 and pointing out that the UK could still expect to get the hig-gest single slice of aid going to areas of industrial decline. "There will be no raw deal, but a fair deal, even though everyone involved believes his problems are the worst", the official said. The UK received

regional and social funds last EC member.

year. The industrial regional aid is

This year's national share-out of EC regional aid is more fraught politically than ever. Last year's reform of Commu-nity structural funds will double the total money available by 1992. But it also required the Commission to concentrate that money more than in the past. Eighty per cent of this year's Ecu4.5bn regional fund payments will go to backward rural areas, with Spain taking the lion's share, and most of the rest is to go to declining

around 2700m from the UK has more than any other

The industrial regional aid is supposed to go to areas covering no more than 15 per cent of total EC population. But Mr Millan has been flooded with applications involving regions with a quarter of EC population. For the past three weeks he has been trying to persuade national ministers to state national ministers to state their priorities. But ministers have been reluctant to name areas, all of which they have told Mr Millan deserve assistance, and that it is therefore for the Commission to make

# Commission draws up food hygiene plans

By Tim Dickson in Brussela

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THE European Commission confirmed yesterday that it is in the preliminary stages of drawing up important new pro-posals for improving the stan-dard of food hygiene throughout the European Community.
The move is likely to be followed with particularly close interest in the IIK, which has witnessed an amprecedented debate on food health and food safety in recent weeks as attention; has been focused on salmenally, in case, listarie in monella, in eggs, listeria in cheese and most recently BSE

TO SELECTION

ever, considerably predates the political storm over the issue in Britain and is inspired mainly by the wider plan to create a barrier free single market by the end of 1992. More specifically it is recog-nised that if the frontier posts where checks on cross border food consignments take place were removed tougher controls at the point of food production would be needed.

Mr Paul Gray, a leading food law expert in the Directorate General responsible for the internal market at the Com-The Brussels initiative, how-mission, told a conference

organised by the Centre for Policy Studies yesterday that the draft hygiene directive would be a "soft law" laying down general guidelines rather than hard and fast rules.

"He cited a study carried out by the Commission which showed that most cases were transmitted through animal "Hygiene is basically all about good practice in industry but good legislation is needed to catch the cowboys."

Mr Gray said the question of food-borne disease had "sadly

become a political football in recent months" and had been "subject to comments from scientists which are sometimes misunderstood or incomplete, or lacking that self-critical

products and occurred as a result of mishandling at the final stages of preparation.
"Community legislation
already requires instructions

on storage and preparation and date marking so that impor-tant contributions can be made by ensuring strict observance of these provisions through vigilance of control services

### EC go-ahead on Short **Bros debt**

By William Dawkins

THE British Government yesterday approached the European Commission for clearance for its plans to take over £390m of the debts of Short Brothers, the Belfast aerospace group being groomed for privatisation. The Commission will now investigate the government's request. Officials stressed the Commission would need to

know what conditions the British Government would attach to the write-off, details of possible further cash injections and what kind of company would take over Short's. Commission competition experts would want to see the

extent to which the Government plans to return the company to normal commercial conditions. A consortium led by GEC of the UK and Fokker of the Netherlands has shown inter-

est in taking over Short's, but officials in Brussels understand the present front-runner is a North American company, possibly Bombardier of Can-The UK's request is being

studied by Commission compe-tition experts before going to Sir Leon Brittan, the British Commissioner responsible, for a decision within four to six weeks, an official said.

All state subsidies have to be vetted by Brussels to ensure

they stay within EC competi-tion rules against Government hand-outs likely to give benefi-ciaries an unfair advantage over EC competitors.

Member-states have become increasingly careful to provide full details of aid proposals in advance, to avoid repeating the wrangles over state subsidies in recent years.

The UK is still smarting from an embarrassing tussle with the Commission over

state aid only last July. The Government was forced to make a 40 per cent cut in its proposed £800m debt-write off for Rover, only to find that British Aerospace, which was buying the company, had diffi-culty accepting the Commis-sion's insistence that it stick to Rover's plans for major clo-sures and redundancies. Britain will be keen to avoid a similar row.

### Britain seeks | Marcinkus likely to step down as head of Vatican's bank

By John Wyles in Rome

THE 20-YEAR reign of Archbishop Paul Marcinkus as head of the Vatican's bank, Istituto per le Opere di Religione (IOR), is expected to end this month after a long period of controversy about the bank's role in the 1982 crash of Banco Ambrosiano. Opinion inside the Vatican is

believed to have held for some time that the IOR needed a change of image after the per-sistent allegations of its involvement in the defrauding of Ambrosiano.

A payment of \$250m to Ambrosiano creditors in recog-nition of IOR's moral involvement in the collapse of the Milan bank did nothing to alleviate suspicions, nor to save viste suspicions, nor to save
Archbishop Marcinkus from the embarrassment of an arrest the Chicago-born prelate's midnight today

warrant on a fraud charge which was issued in 1987 by Milan magistrates. The warrant was anulled by Italy's constitutional court last year on the grounds that the 1929 Lateran Pacts prevent the italian state from interfering in

the central institutions of the Roman Catholic Church. The occasion for a change at the top of IOR will be alterations in its statutes which are due to be agreed next week by a special working group of 15 cardinals charged with dealing with the Holy See's economic

It is not yet known whether the 66-year-old golfing Archbishop will be replaced by post in charge of one of the Vatican's "ministries." are likely to be delayed during

rumours suggest a return to diplomatic life and others a

a 24-hour work-to-rule by air traffic controllers beginning at midnight last night, airport officials said yesterday, Reuter reports from Rome. They said the dispute, over pay and working conditions, would cause greater disruption for arrivals than departures.

Customs officers at Rome's Fiumicino airport have said they will continue an overtime ban and work-to-rule, which has caused delays since the

### Italy warned on economy overheating

THE BANK of Italy yesterday health, pensions, public and public sector pay are warned of a danger of over-employment and transport likely to be breached, while warned of a danger of over-beating in the economy, lead-ing to higher inflation unless steps are taken to control public spending.

The bank's strictures, in its half-yearly Economic Bulletin, provide a sober background to Prime Minister Ciriaco De Mita's bid to line up his government behind an austerity package. The inner cabinet is expected today to review the employment and transport

The bank says inflation is unlikely to be stabilised at around 6 per cent in the sec-ond half, unless steps are taken to dampen domestic demand and put the budget deficit back on a track set last autumn for a total L117,300bn (£49.6bn).

On current trends, the deficit looks likely to be a mini-mum L130,000bn. Spending economy, and examine a paper mum L130,000bn. Spending proposing spending cuts in allocations for health, welfare

the cost of debt servicing may exceed the estimated L93,000bn because of beavy borrowing requirement and a shortening of the government

debt's average term. The bank says market conditions have forced 75 per cent of the borrowing requirement in the first two months of the short-term Treasury bills. Outlook for government revenues is surrounded by "uncer-

### Bonn 'not turning soft' on defence

By David Marsh in Rheindahlen

MR RUPERT SCHOLZ, the weapons systems for the 1990s. tained this was a welcome Bonn Defence Minister, yesterday denied that West Germany was turning soft on defence. arguing that the country's recently confirmed decision to increase military service to 18 months from 15 months this year was without parallel in Nato.

At a press conference after a visit to the headquarters of the British Army of the Rhine at Rheindahlen near Mönchen-gladbach, Mr Scholz, however, also underlined Bonn's wish not to be pushed into any rapid decisions on deploying new

Answering a question about the British forces' desire for a new stand-off air-launched missile (TASM) to be fitted on board Nato aircraft in the 1990s, Mr Scholz said the matter was "open." The subject of TASM, as well as the debate on replacing the ageing US landhased missiles with a longer-range weapon, is one of the issues dividing West Germany from military opinion in the US and Britain.

Mr Scholz said West Germans felt less threatened by the Warsaw Pact, but main-

secured defensive capability on the part of the West. In spite of mounting public oppo-sition to low flying by Allied forces and to other military manoeuvres on West German soil, opinion polls showed that support for the presence of Nato forces in the Federal Republic had risen over the

He admitted none the less that the rise in conscientious between 10 and 12 per cent of draftees, was posing problems.

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# Australia denies it is trying to talk down dollar

By Chris Sherwell in Sydney

AUSTRALIAN Government officials yesterday responded to unusual turnoil in the foreign exchange markets by rejecting suggestions that they were trying to "talk down" the value of the Australian dollar.

The currency, among the half dozen most heavily traded in the world since it was floated in 1983, finished off the bottom in Sydney yesterday at 80.2 US cents, having at one

Although this was still a sharp drop from Monday's close of 81.7 cents, it more than made up the ground given in heavy selling overnight in London and New York – selling which on Monday led to supportive intervention by the US Federal Reserve.

On a trade-weighted basis, the currency yesterday closed at 59.6 (May 1970 = 100), down

from 60.7 overnight.
This means the currency has now slithered from 67 in the space of little more than two weeks, hastened by Australia's latest current account deficit figures 12 days ago, which con-firmed the country was heading for its largest annual defi-

At that time, Mr Paul Reating, the federal Treasurer, com-mented on the dollar's value for the first time in more than two years, saying that, when domestic demand moderated, he hoped and expected the dollar to fall.

His remarks reinforced a downward trend which had just begun because of Reserve Bank selling and news of the current account figures. Having fallen to around 61 on a trade-weighted basis, it looked

That was until two days ago. On Monday the market, newly attuned to any purported government remarks on the cur-rency, was greeted with a front page comment column in the Australian Financial Review

MPs demand

questioning

Nakasone face

By Stefan Wagstyl in Tokyo

answer questions about his

involvement in the Recruit

be held up at least until Friday while opposition leaders try to

while opposition leaders try to force the LDP to summon Mr

Nakasone. The suspension, which will hold up approval of important budget bills, high-lights how the Recruit affair is

impeding the running of the Government of Mr Noboru

Takeshita, the Prime Minister.

Mr Nakasone made his first public statement on the scan-

dal on Monday, when he

denied all allegations of wrong-doing including favour-

Proceedings are expected to

financial scandal.

Japanese Diet

suggesting, without any attri-bution, that the government wanted to "talk down" the dol-

Though it contributed to ome weakness on Monday, there was no reason to suppose a major sell-off was imminent. The only wire service reference to the Review's report was apparently in a currency round-up at the end of the day, but it is assumed that informa-tion about the article was d on to other centres.

For some reason it was taken seriously enough in Lon-don and New York for the dol-lar to be marked down By the time Australia awoke, the Fed had intervened and the currency was steadled at 79.5 US cente

The real surprise, however, was the alleged reason being given for the fall by local radio and the Sydney Morning Herald's later editions — alleged comments by Mr Bob Hawke, the Prime Minister, in a television interview the previous sion interview the previous night foreshadowing a dollar

fall to 78 US cents.
In fact he had said nothing whatsoever about the currency, as he was to protest in a statement yesterday. Nor for that matter had Mr Keating said anything about the dollar in a separate television inter-

view the same night. But in embarking on their media campaign to explain that their policies were still on track, both had indicated their disappointment and concern about the balance of payments At the end of a nervous day, confusion was inevitable.

Mr Keating's office insisted yesterday that no one in authority was responsible for "placing" the Review article, that he would be making no further comments about the currency, and that neither he nor the government had any target range in mind for the dollar.

### Israeli 'held hostage' for PLO activists

By Andrew Whitley in Jerusalem

(parliament) was brought to a standstill yesterday after the ruling Liberal Democratic AN anonymous caller yesterday demanded the ians in exchange for a missing tion demands for Mr Yasuhiro Nakasone, the former Prime Minister, to be called to Israeli soldier, feared kid-

papped by Palestinians. Speaking Hebrew with a Palestinian accent, the caller told state-run Israel Radio that a cassette recording of the soldier, Sergeant Avi Sasportas, would soon be provided, as proof they were holding him. Security forces are taking the

call seriously.
It was the second message in two days to news organisations in Israel about the soldier, who disappeared near the occupied Gaza Strip two weeks ago. Thousands of volunteers have been combing fields and orchards across a wide tract of southern Israel in a search which has so far turned up only his army boots and iden-

ing Recruit, the company at the centre of the scandal, in tity tags. On Monday, an Arabic return for shares sold on speaker claiming to represent a previously unknown group, the Palestine Arab Army, said it was holding Mr Sasportas somewhere in the occupied terfavourable terms to his secre-But opposition politicians were dissatisfied with his answers and demanded that Mr Nakasone appear before a ritories, and would be making its demands known shortly.

If the calls turn out to be genuine, Israel will be con-Diet committee. Mr Nakasone himself yesterday postponed a planned 13-day trip to the US, saying he wold stay in Japan until the budget bills were passed. His decision might indicate that sooner or later he fronted with its first hostagetaking incident. In the past, Palestinian guerrilla groups have frequently attempted to cross the border from Lebanon will be forced to give evidence as the opposition has and take civilian hostages as

bargaining counters.

# Iranian break with Britain likely to be hard to mend

Victor Mallet on the problems of having no diplomatic links

IF IRAN carries out yesterday's threat to break diplomatic relations with Britain completely, it will become the third country in the Middle Rast – after Libya and Syria – with which Britain has no formal diplomatic ties.

Following Ayatollah Ruhollah Khomeini's call to Moslems to kill Mr Salman Rushdie, the Indian-born British writer.

Indian-born British writer, Britain's relationship with Iran is now much worse in practice than its ties with the other two hard-line Middle East coun tries. Disputes over suspected Lybian and Syrian involvement in terrorism have been somewhat mellowed by the passage of time. Britain has pulled out all its

diplomats from Tehran, and Iran's representatives were due to leave London yesterday. A formal break in relations, as recommended by the Iranian parliament, inevitably makes it more difficult for any two governments concerned to do diplomatic business with each other, but it does not necessarily put a stop to indirect contacts or a healthy trading part-

Verses, have not so far stepped into the public debate on the Rushdie affair. Gulf states such as Saudi Arabia and Kuwait but they regard Iranian Shia radicalism as dangerously sub-

In sharp contrast to the row between Britain and Iran, a dispute between Britain and Iraq at the end of last year was iraq at the end of last year was hushed up by both sides. Britain expelled three mem-bers of the Iraql Embassy in London for "activities incom-patible with their diplomatic status" in October, and Iraq retaliated by ordering three Britons out of Baghdad. There was speculation that Britain was concerned about the Iraqi regime's surveillance of its

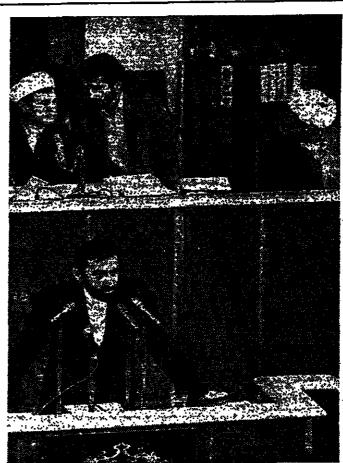
exiled opponents. "We do not have high level Britain has also been pleas-direct access and of course it antly surprised by the strength

of European Community supor Entropean Community sup-port for its stand against Iran, something which was notably absent in the aftermath of the dispute with Syria over the Hindawi affair in 1986. Britain broke relations with

Syria after Nezar Hindawi, a Jordanian, was convicted of attempting to plant a bomb on an Israeli airliner at Heathrow airport. Britain insists Hindawl was helped by the Syrian Embassy in London, and that Syrians connected with terrorism are still in positions of authority, while the Syrians say they were the victims of a plot by Israeli intelligence. Both governments maintain

a presence in each other's capi-tals in their old embassy buildings, the Syrians have an interest section of the Lebanese Embassy, and the British using a similar arrangement with Australia. British relations with Libys

were badly soured by the kill-ing of a policewoman during a demonstration in London in 1984 against Col Muammer Gadaffi's regime. She was killed by shots fired from inside the Libyan People's Bureau, and Britain broke rela-



Mr Ali Akbar Velyati, Iran's Foreign Minister, addresses MPs in support of severing relations with Britain

# Visiting British minister to try to cool Israeli anger

DANIEL, entering the lion's den, would recognise the emo-tions heing experienced by Mr William Waldegrave, the Brit-ish Foreign Office Minister, who arrived in Israel last night for an extended visit to the Jewish state.

"There is no question that Britain is in bad odour with the Israeli Government at this moment," a senior Western diplomat remarked recently.

By David Housego in New Delhi

THE Administration of Mr

Rajiv Gandhi, India's Prime

Minister, yesterday sought to strengthen its socialist creden-

tials with a welfare-orientated budget designed to broaden its mass support in advance of the

general election due later this

year.

The most striking proposals in the budget were schemes to help the poor through job creation measures backed by subsidised clothing and meals. The new employment package will cost Re5bn (\$295m) in the

1989-90 financial year and the

other welfare measures a fur-

They had been urged on the Prime Minister by leaders of

ther Rs7.2bn.

25m) in th

The lead Britain has taken in promoting relations with the Palestine Liberation Organisation, coupled with the mildly provocative comments Mr Waldegrave made about Israel's leaders after talks in Tunis with Mr Yassir Arafat, the PLO chief, has seen to

Against the background of the prickly relationship left over from the days of the Brit-

the Congress I Party who

believed that it needed to shed the increasing middle-class

image it has won under Mr Gandhi if it was to have a

chance of being returned this year at the polls. The welfare

S. B. Chavan, the Finance Min-ister, will largely be financed

out of new taxes that fall most

heavily on the middle class and the rich. The budget documents show

that tax revenues will rise 23

- the cost of the employment package - coming from an additional surcharge on those

with incomes greater than Rs4,600 a month. Indirect taxes

easures announced by Mr

Indian budget aims at wooing poor voters

that

ish Mandate in Palestine, feelings are still sore in Israel over the visit in January, 1988, of Mr David Mellor, Mr Waldegrave's predecessor at the For-

His public upbraiding of an Israeli army officer in the midst of the Jabalaya refugee camp in the Gaza Strip incensed Mr Yitzak Shamir, the Prime Minister, and con-tributed to a further cooling of

rise sharply on goods and services considered luxury items

including foreign travel,

domestic air travel, spending in large hotels, cars, cigarettes,

television sets, cassette players

and computers.

In an effort to reduce

imports and ease the balance-

of-payments strains, customs duties on a large range of electronics components have been raised from 35-50 per cent to

With overall government

expenditure rising by 11 per

cent to Rs821bn, the effect of the sharp increase in taxation

is to limit the increase of the budget deficit to 6 per cent at

a relationship already turning distinctly chilly. In a clear mark of official displeasure, there are no plans at present for Mr Shamir to et the British envoy during his five days in Israel.

All the gestures of app ment are on the British side. The programme is packed with visits to symbolic Israeli sights, such as the Yad Vashem holocaust memorial

Mr Gandhi was under strong

pressure from the Reserve Bank (the central bank) not to allow the budget deficit - one of the largest in Asia - to widen further because of the potential inflationary conse-

quences. As a percentage of GDP, the deficit should be lower than last year because of

the economy's expected expan-

sion at 9 per cent in real terms.

Mr Chavan gave his budget speech before deserted opposi-

tion benches - the first time

since Independence. The oppo-sition walked out because Mr

Gandhi had accused them the

day before of "supporting ter-

international community to

apply renewed pressure to

force the Pretoria Government to negotiate with leaders of the South African black commu-

nity, the Council's paper said.

hat the most effective pres-sure would be the application of comprehensive and manda-tory sanctions by the United Nations Security Council How-

A broad consensus existed

this has occurred on bud

rorists" in the Punjab.

centre in Jerusalem, the grave of Mr Ben-Gurion, the state's first Prime Minister, and the Masada hilltop, where hundreds of Jews committed suicide, rather than surrender to the Romans.

Mr Waldegrave will deliberately not be making the clear distinction that most foreign dignitaries do between Israel and the Arab territories it cap-

### Taiwan's debt reaches 13-year low on \$1.5bn

TAIWAN'S external debt hit a 13-year low of \$1.51bn in calendar 1988 and is expected to drop further this year, the Finance Ministry said yesterday, Reuter reports from

Public debt fell to its lowest level since 1975 when it was about \$1.1bn, a ministry offi-cial said. It will drop to about \$1.2 bn this year, he added. The debt was \$1.89bn br 1987 and a record \$6.29bn in 1983. Private

Mr Chang Chi Cheng, the central bank governor, last month told a news conference that Taiwan could wipe out its debt overnight.

### **Ethiopians** 'forced out of Tigray capital'

RTHIOPIAN rebels said the Government abandoned the capital of the northern Tigray province yesterday, Reuter reports from Khartoum. There has been no independent con-firmation of the report which was issued by the Tigray People's Liberation Front (TPLF), which now claims to control the entire province of 5m peo-

According to Mr Yemane According to mr remane Kidane, a TPLF central com-mittee member, the Kidiopian army flew heavy artillery, gov-ernment officials and party leaders out of the capital Mekele, north of Addis Ababa, as 15,000 troops marched south towards Wollo province.

This is the first time Tigray has been liberated in the 14 years of this Ethiopian regime," Mr Yemane said, adding: "I haven't seen Mckele for 20 years."

# their troops on full alert yester-day and rejected attempts by Prime Minister Sadeq al-Mahdi to defuse their challenge to his government, Reuter reports from Khartoum. "The armed forces would like to assert that all the con-tents of its memorandum dated February 20 1989, addressed to repriary 20 lies, addressed to the supreme commander of the armed forces (head of state Ahmed Ali al-Mirghani) and the chairman of the National Defence Council (Mahdi), must be carried out," the Armed Forces General Command said

Sudanese

puts troops on full alert

SUDANESE military chiefs put

military

in a statement. But the statement added that the 60,000-strong army remained committed to democracy and the constitution

Sudan's generals last week gave Mahdi seven days to institute political reforms and either spend more money on defence or negotiate an end to the civil war in the south. Their ultimatum expired on

Defence sources said troops throughout the country and in Khartoum had been placed on full alert.

We gave the government an ultimatum to reply to our demands. It replied, and we rejected its reply. Now it will have to come up with a satis-factory answer," one source

He said the military was committed to democracy, but might change its stance if Mahdi's government refused to

Mahdi told parliament on Monday he would resign next Sunday unless he received assurances from the military that it would continue to

respect the constitution.

He also asked it for a free hand to form a new, broadbased government and appealed to trade unions to the state of the st stop strikes as long as the war against the Sudan People's Lib-eration Army (SPLA) contin-The statement also rejected

what it called hints at ineffidency and lack of discipline within the army.

We would like to assert that

immediate and continuous mil-itary backing is the solution to redress the strategic balance (in the south)," it added.

The brief, sharply-worded statement followed one by 37 political parties and trade unions calling on Mahdi to accept a peace pact reached last November between the SPLA and the Democratic

The pact was rejected by par-liament two months ago and the DUP quit the ruling coali-

tion in protest.

In presenting its ultimatum last week, the military complained that it lacked suf supplies and government sup-port to defeat the SPLA, which has been fighting since 1983 to end what it sees as the rule of a Moslem minority clique.

The military also blamed government policy for what it said was a virtual halt in foreign arms support and called for the dissolution of armed militias operating outside army

The statement yesterday made no mention of an SPLA claim on Monday that it had captured the garrison town of Torit in Equatoria region near the Ugandan and Kenyan borders. If confirmed the fall of Torit would be the second major SPLA victory this year and the latest in a series of army defeats which began last September. Editorial comment, Page 16

### S African banks raise prime rate to 19% By Anthony Robinson in Johannesburg

SOUTH AFRICA'S commercial banks yesterday raised their prime leading rate 1 percent-age point to 19 per cent in a belated response to last Wednesday's 1.5 percentage point rise in the Reserve Bank discount rate to 16 per cent. The banks normally raise

their prime rate immediately after an increase in the discount rate but were prevented by faulty drafting of the by faulty drafting of the recently amended Usury Act which lawyers interpreted as requiring one week's written notice to burrowers of all rate increases. This has now been amended so that future prime rate changes will again closely follow the discount rate.

The Contral Statistical Sec. • The Central Statistical Service announced that GDP at constant 1985 prices rose by 3.2 per cent last year, up from 2.3 per cent in 1987 and 0.3 per cent in 1986. This is higher than earlier government and Reserve Bank estimates of 3 per cent growth last was a server to the cent growth last was a server to the cent growth last was cent

### Hong Kong talks

per cent growth last year.

ZHOU NAN, China's chief negotiator on the 1984 Hong Kong accord, arrived in the British colony yesterday for talks, Reuter reports from

### Children tortured in Iragi **UK Government rejects** prisons, says Amnesty church sanctions call

40-60 per cent.

imprisonment of children, say-

BRUTAL treatment of children for political purposes has become routine in Iraqi prisons, Amnesty International, the London-based human rights group, said yesterday.
Young people, many of them
Kurdish, have been tortured to
force them to reveal information about their relatives, and even infants have been illtreated so that members of their families will confess to political offences, Amnesty said in a grim four-page cata-

logue of accusations.
"Usually they keep such children in a separate cell next to the mother's or father's cell and dentive them of milk in order to force the parents to confess," one former political prisoner told Amnesty. "I saw a five-month-old baby screaming in this state.' Amnesty appealed to Iraq to stop the brutal treatment and

gets, the report added.
The fate of hundreds of

remains unknown.

ing that the practice violated international law and Iraq's own legislation. Minors under 18 years of age had been ille-gally executed, the report said, and others had "disappeared". Anmesty said it was appeal-ing to the UN Commission for Human Rights, now meeting in Geneva, to monitor human rights abuses in Iraq. School children had been lined up and shot in public, and whole fami-lies had been killed in attacks by Iraqi troops on civilian tar-

Kurdish children and youths seized more than four years ago in retaliation for their rela-tives' political activities Amnesty said the forms of

torture used in Iraqi prisons included beatings, electric shocks and mutilation.

By Robert Mauthner, Diplomatic Correspondent THE British Government strengthen or reinforce those yesterday rejected a call by the British Council of Churches for The time was rice for the

tions against South Africa. Replying to "a call to action against apartheid" made by the Council in a policy paper, Mrs Lynda Chalker, a junior Foreign Office Minister, reiterated the Government's position that "punitive sanctions would destroy what legrerage we have destroy what leverage we have with the South African". It would also hit the black popu-

the imposition of a wide range

of economic and other sanc-

lation hardest. In its policy paper, the Council accused Britain of being "out of step with the great majority of countries". The British Government accepted that economic pressures result-ing from market judgments could be effective in influencing the South African Government, but it refused to

ever, pending the adoption of such measures, Britain should bring its policy into line with other members of the Commonwealth, the Nordic and the European Community coun-

### tries, the Council said. The measures which the British government should nt included steps to strengthen and enforce the arms and oil embargoes.

# SOUTH KOREAN dissidents

Both the US military and

ernment, charged at the US guard post at the southern end of Freedom Bridge which leads to Panmunjom, the village marking the truce between the

to close the second after a struggle, the witnesses said.

### By Wong Sulong in Kuala Lumpur MALAYSIA'S nine hereditary Malay sultans are to meet in

Kuala Lumpur today and tomorrow to elect a new king from among themselves, a pro-cess that is being watched with keen interest by political observers, not only because of the recent higher profile of the job, but also

the office of the Yang Di-Pertuan Agong, or king, is rotated every five years among the nine sultans. Traditionally, the mine suitans. Traditionally, the Malaysian king performs a largely ceremonial role, very much like the British monarch, but of late the position has assumed political importance because of bitter infighting among Malay leaders.

Going by tradition, 57-year old Azlan Shah, the suitan of Perak should be the next king

Perak, should be the next king, since only Perak among the nine Malay states, has yet to serve the kingship. Azlan Shah is also the most distinguished

factors at work that could deny him the election.

The Perak ruler is married to

commoner, and it is said some sultans are rather unhappy at the prospect she would be taking precedence over them. Another argument is that Azlan Shah's predecessor had declined the kingship when offered to him, and therefore Perak had, by choice, given up its priority rights. But most important, Azlan Shah is known to be an independent-minded ruler, who will not as readily agree with the views of Mr Mahathir Moha-

Mr Mahathir's attacks on the judiciary, particularly the sacking of Tun Salleh Abas, the top judge, and two other senior judges last year.

### China and Indonesia end 20-year rift John Murray Brown reports on trade and diplomatic results of renewing relations

INDONESIA and China last week chose the rather colour-less backdrop of a Tokyo hotel more than 20 years they are to resume full diplomatic rela-

Indonesia newspapers reported few details of Presi-dent Suharto's first ever meetdent sunarto's first ever meet-ing with Qian Qichen, the Chi-nese Foreign Minister, only to say China pledged not to inter-fere in Indonesia's internal affairs. Diplomats say Singapore, the only other country in the region not to have rela-tions with China, largely in deference to Indonesia, is now likely to follow suit. breakthrough means

that the region's two largest countries can confer directly on vital issues such as the on vital issues such as the Kampuchean peace process, where both are playing a key role. The resumption of ties could also dramatically change the region's trading pattern as both countries look for new export markets in the search or foreign exchange. On his return to Jakarta on

Sunday, President Subarto said there was a need for co-opera-tion but he stressed "there will

never be any special relation-ship" with China.

Peking is still accused of supporting the falled leftist coup of 1965, which prompted General Suharto and his New Order government to seize Order government to seize power. Today some in the Indonesian military remain suspi-cious not only of China's regional ambitions but also of Indonesia's own 5m ethnic Chi-

nese population. Yesterday it was reported that 60 local Chinese had had their passports confiscated after travelling to China without clearance from Bakin, the state intelligence board. The Head of Immigration commented there were ten people who went to China for every one who registered with Bakin. For all that, in recent months diplomatic pressure on the Suharto Government to resume ties has increased considerably. One obstacle was removed in August, with the

end of a 12-month amnesty for

so-called illegal Chinese left stranded without papers when Jakarta froze relations in 1967. These stateless Chinese totalled around 200,000 in a 1986 census but today probably number fewer than a few thousand The commercial arguments

for a thaw are more compel-ling. In the wake of the fall in its oil earnings Indonesia is intensifying its search for new export markets. The restors tion of trade ties with Peking in 1965 saw a boost in two-way trade, but largely in Indones ia's favour. Businesamen view China as

a potentially huge market for indonesia's industrial and raw material exports. There is also some scope for technological co-operation in areas such as satellite construction. China for example is keen to launch its Long March rocket from an equatorial site in Indonesian <u>Kalimantan.</u> Representative trade offices

have still to be established - a condition written into the 1985

protocol. Another bone of con-

tention has been Peking's refusal to allow Société Génèr-ale de Surveillance, the Swiss customs surveyors, to check

Indonesia's imports at source, which has caused delays.

One interesting result of the recent trade promotion is the growth of Kadin, the government-controlled chamber of commerce which informally promotes indigenous Indonesian Madina, China sian business. Kadin's China operations have been conducted largely at the expense of Indonesia's powerful local Chinese business group.
The other group to lose out would seem to be the military, who have long worked closely with their Chinese financiers.

or cukongs in the indirect China trade through middlemen in Hong Kong and Macao.
Another intriguing question
is what will the Jakarta authorities do with the former Chinese Embassy, a building of noted historic and architectural interest but which is cur rently earmarked for development as a multi-storey car

### S Koreans clash with US troops

trying to reach the border yes-terday for talks with North Koreans wrestled with US soldiers guarding the top-security demilitarised zone, witnesses said. Reuters reports from

Both the US military and embassy declined to discuss the potentially explosive incident, which followed months of dissident protests against American troops stationed in South Korea.

The three dissidents, heading towards the border to prepare for unofficial "reunification talks" today which have been banned by the Seoul Government, charged at the US

marking the truce between the two countries after their war from 1950 to 1953.

The dissidents reached the first of two high metal gates but American guards managed

# **Election of Malaysian** king may run into upset

there is a real possibility of an Under the country's unique constitutional arrangements.

among the rulers, having served as Lord President of the Supreme Court before assum-ing the royal title. However, there are political and personal

mad, the Prime Minister, as does the present king, Sultan Mahmood Iskandar of Johore. The Perak sultan is upset at

On 23rd September 1986, in the Great Hall of the People in Beijing, GEC Turbine Generators signed a contract worth over £250 million.

The order was to supply Daya Bay Power Station in Guangdong Province with two massive 985MW turbines and associated plant.

It was the first of two major power station contracts we've been awarded by China in the last three years. The second was to design and manufacture a complete coal-fired station at Yue Yang.

These two orders are the largest contracts ever signed between China and Britain.

No surprise then, that in 1987 we won the Queen's Award for Technological Achievement (and one for Exports) for developing a completely new family of steam turbines. In fact GEC Turbine Generators have won 6 Queen's Awards altogether.

And today, our projects span the world from Hong Kong to California.

When it comes to generating power, GEC keep the wheels of industry turning.



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# Brady warns of G7 scepticism over deficit cuts

By Anthony Harris in Washington

MR Nicholas Brady, the US Treasury Secretary, told Con-gress yesterday that the other members of the Group of Seven (G7) industrialised nations were "worried that we lack the

were worned that we lack the strength of purpose" to meet the targets for reduction of the budget deficit.

He also gave the first clear backing from the Administra-tion for the Federal Reserve's determination to check infla-tion cliberian to check inflation, although he added that there could still be disagree-ments about how much inflation there was currently in the economy.

Meanwhile Mr Alan Green span, the Fed chairman, said that only a credible two-year deficit reduction plan, includ-ing the difficult problem of fiscal 1991, would create the mar-ket confidence which could bring down long-term real interest rates. "Prompt and sustained action is becoming increasingly urgent," he told the Senate budget committee. Mr Brady, who was appearing before the House budget committee, warned that delay on the budget would impose penalties in terms of interest rates, jobs, and the domestic and foreign debt problems. But he implicitly ruled out tax increases to close the budget

gap.
"We are constrained between revenue levels which are the result of the 1988 elec-tion. . . and the Gramm-Rud-man maximum deficit level."

be said. The committee chair man, Mr Leon Panatta, a Democrat, added that "we could still end up with a deficit that substantially exceeds the target if our economic assumptions are too optimistic".

Mr Greenspan repeated the view he has stated in recent hearings that the US economy is currently expanding at a rate "which cannot be sustained" and warned that "interest rates will rise until excess demand is crowded out." He said that a rice in out". He said that a rise in inflation would further threaten the budget balance.

Any increase which became embedded in expectations would rise long-term rates and each 1 per cent to the cost of Federal debt service, he said. The revised figures for GNP

in the final quarter of 1988, issued yesterday, reinforce warnings about inflation. Real growth is shown unchanged at an annual rate of 2 per cent an annual rate of 2 per cent — 3.1 per cent for the non-farm economy — almost exactly in line with the third quarter. Janet Bush adds: US markets weathered the GNP figures well. At midsession, the Treasury's benchmark long bond was quoted % point higher to yield 9.13 per cent. The Dow Jones Industrial Average stood 6.07 points higher at 2,256.43.

The dollar traded in a narrow range just above its day's

# Venezuela joins the crisis economies

Joe Mann looks at the background to widespread violence in the country

OR many years Vene-zuela's huge income from petroleum exports allowed it to avoid most of the harsh economic realities affilict-ing its Latin American and Caribbean neighbours.

But the current wave of vio-

lence in Caracas and other big cities, sparked by sharp price increases in public transport, has erased this distinction and raised questions about how Venezuela's new government will deal with the need to implement severe economic reforms in the face of wide-spread popular rejection. Complicating matters for the Government are politically

embarrassing shortages of items such as bread, coffee, and salt, as well as protest strikes caused by big price increases for food and other basic items and services.

Successive Venezuelan gov-ernments were able to avoid serious disturbances by throwserious distinuances by throw-ing money at any problem in sight. But this is no longer pos-sible. Although Venezuela earned \$8.4bn in 1988 from petroleum sales (\$1 per cent of total exports) the country's room for manoeuvre has been drastically reduced. The authorities are now obliged to husband oil revenues to ser-vice the \$33bn foreign debt, as well as to pay for imports and finance a huge government bureaucracy.

The new government of President Carlos Andrés Pérez, which began a five-year term on February 2, inherited a raft of economic problems. The extent to which Venezuela ended 1988 with its external accounts in the red and its international reserves sharply reduced was probably more serious than the new administration initially realised.



Price rises in petrol and public transport provoke the burning of a bus in Caracas

The economy grew by 4. 2 per cent last year, but the Government registered a fiscal deficit equal to 7 per cent of Gross Domestic Product. Inflation was by Venezuelan standards exceptionally high at 35 per cent. Growth last year was driven primarily by consumer fears of higher inflation. Wages meanwhile, if measured in dol-lar terms, have fallen to levels in effect over two decades ago.

Venezuela still depends
almost exclusively on petroleum for its economic liveliehood. Although some foreign companies have made important investments in recent years in such sectors as aluminium, confidence among Venezuelan investors remains very low. As evidence of this, Venezuelan private citizens are believed to be holding over \$30bn offshore, a sum equal to

three years' exports and the nation's foreign debt.

Social Democrat, formally announced a new economic programme on February 16. The plan, which includes several of the usual International Monetary Fund prescriptions, was designed to put the nation's domestic and external accounts in balance, reduce government interference in the economy and encourage pri-vate investment, especially in non-petroleum exports and import substitution.

The programme includes the establishment of a unified, floating exchange rate for the Venezuelan bolivar (which amounts to a major devaluation); a progressive easing of government controls on domes-tic interest rates and on prices of goods and services; a commitment to reduce the Govern-ment's fiscal deficit; higher prices for goods and services provided by the public sector; and reforms of tariffs, trade President Pérez, a 66-year-old regulations and the tax system.

Putting airliners on a rejuvenation course

Michael Donne reports on efforts to ensure that aircraft fly safely into old age

At the same time, however, Mr Peréz announced wage and social welfare initiatives. These included a rise of up to 30 per cent in wages of government employees, an increase in the national minimum wage and a number of direct subsidies. Mr Perez also said that the private sector would "voluntarily" raise wages for its workers by roughly the same amount awarded to state employees. On the country's foreign debt, the Government is aiming to reduce the burden of debt service by around 50 per cent in new restructuring talks with international banks. By following an IMF-style eco-

Some elements of the economic programme - an 80 per

nomic adjustment plan, it hopes to obtain credits of more

than \$10bm over the next five years from the IMF and the World Bank. It also needs new

financing from commercial

cent increase in the price of domestic petrol, higher prices for public transportation and foodstuffs, and new interest rates on domestic loans and deposits - have already been implemented. But several important measures are still undefined.

For example, the Govern-ent announced a unification ment atmosphered a translation of the existing two-tier exchange rate for its currency but this has not yet been car-ried out. This is the first time in memory that a government has announced a currency devaluation before actually

devaluation before actually implementing it.

Until violence erupted this week, the Government's economic programme faced nothing more challenging than criticism from the political opposition and organised labour. The nation's largest labour federation, the CTV, has rejected the Government's wage increase plan and is demanding a general wage demanding a general wage increase of 40 per cent 50 per cent. Now, however, it is not clear how unions will behave in the wake of this weeks's violence, since some transport workers and cooperatives were the targets of violent attacks during disturbances on Mon-

The Peréz administration is moving slowly to implement its economic programme, partly because it wants to avoid a severe shock effect and partly because the problems are harder to handle than any-one expected. But the new ele-ment of a popular revolt over price increases has confirmed Venezuelan politicians' worst nightmares about IMF-style reforms and will sorely test the continue implementing the

### **US** allies warmer, but no wiser -

THE MOST revealing moment of President George Bush's six-day tour to the Far East six-day tour to the Far East came on Sunday in Peking when he was greeted in an anterocan of the Great Hall of the People by Deng Klaoping and Il Klannian. These two veterans of the Long March and pillars of the revolution greeted the leader of the world's largest capitalist state as an old personal friend — as he is.

Not only did this provide striking pictures – the tail Mr Bush and the tiny gnome-like Deng – but it symbolised the purpose of Mr Bush's visit. It was primarily an exercise in consolidation, to cament exist-ing close relations with Japan, China and South Korea, rather

China and South Korea, rather than to press initiatives.

Indeed, China has been specifically excluded from the current wide-ranging review by the Bush Administration of its foreign policy. This is because Mr Bush says the US knows where it stands in relation to China — in theory if tion to China - in theory, if not always in practice, as the human rights fracas showed.

Bush's Asia trip cemented old friendships but achieved little more, writes Peter Riddell

As Mr Bush said on his return to Washington on Mon-day, the trip underscored that \*America is and will remain a Pacific power". His repeated message was that Asia and the Pacific Rim countries in particular are of growing impor-tance to the US. For instance, Mr Bush's decision to attend the late Emperor of Japan's funeral ceremonies was a mark of respect which his hosts appreciated.
The President wanted to

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The President wanted to provide this commitment to Asia not least because of the renewed Soviet interest in the region and the visit to China in May by Soviet President Mikhail Gorbachev. The Bush Administration: is relaxed about the warming in Sing/Soviet about the warming in Sino/So-viet relations, believing that there is no change of a return to the pre-uplit dependency relationship of 30 years ago. China values its independence

This emphasis on friendship and close ties, expressed in virtually every speech, led Mr Bush to play down points of difference. But the President's desire for quiet diplomacy led to his appearing less than whole-hearted in his commitment to human rights – to the irritation of conservative Republicans especially when Mr Fang Lixhi, a promi nent dissident was barred from a US Embassy party and duly told his story to the White House press corps. The Chinese sensitivity on this point was clear throughout the

About the only area of diffi-culty which Mr Bush raised with his various hosts was trade. He pressed the Chinese about freeing rules on invest-ment and about copyright and patent and about copyright and patent protection, and on Mon-day made a particular point of orging a further reduction in trade barriers in his speech to the South Korean assembly. Indeed, Mr Bush departed from his set text to emphasise

Yet if the visit was long on yet if the visit was long on general expressions of warmth, it passed over many questions of how the financially constrained US intends to maintain its role as a Pacific power and how Japan will exercise its economic strength. A novel twist on the working funeral theme was the number of mourners who came with a begging bowl to came with a begging bowl to seek financial help from Japan, including Brazil, Zeire and the Philippines. If the trip was short of much new of substance, Mr Bush's style was revealing. It was an

exercise in jet-lag diplomacy with meetings packed in one after another and three or four hours sleep at night for all

involved.

This inevitably leads to slipups, as in the handling of human rights and in some of the President's public comments. In contrast with the more leisurely approach of former President Renald Reagan, the pace was hectic, more like one of Mrs Margaret Thatcher's foreign tours — exhilirating and fun while it lasts, but with the danger of leaving little to remember apart from favourable images. And Mr Bush is not as good as either Mr Reagan or Mrs Thatcher in producing images.

producing images.

Overall, following the charge round Europe two weeks ago by Mr James Baker, the Secretary of State, the Bash Administration no doubt feels it has made contact with most of its allies and friends, but it has not left many of them any the wiser about what it intends to do.

### Garcia focuses on anti-terrorism

By Veronica Baruffati in Lima

WITH 17 months left to polish up his presidential image, Alan Garcia at the weekend announced his fourth cabinet reshuffle since the Peruvian American Popular Revolution-ary Alliance (APRA) swept to power in July 1985. The new ministers are due to be sworn

in tomorrow.

The reshuffle is mainly designed to provide a more cohesive team and a more effective policy to combat terrorism. President Garcia underlined this saying a tougher fight against subversion was necessary "because of the death and violence subversion sows, because of the cli-mate of insecurity which shoos off investors, and because of the public, visible, brazen alliance subversion has with the drugs trade".

The nomination of Mr Armando Villanueva del Campo, the Prime Minister, to assume a dual role as Minister of Interior will be the centrepiece of the Government's new strategy. Mr Villaneuva del Campo is known for his outspoken anti-terrorist views. Last year, he was severely criticised for a speech he delivered in Ayacucho, cradle of the maoist guerrilla organisation Sendero Luminoso, in which he talked about the dangers of "rivers of blood" flowing if subversion was not curbed. Since Sendero Luminoso began its offensive in 1980 more than 15,000 lives have been lost and incalulable dam-

done to Peru's debt-ridden and impoverished economy. The nomination of Mr Carlos Raffo, the Peruvian ambassa-dor to the UK, as Minister of Industry, has been interpreted as an attempt by the APRA government to bring about a reconciliation with Peruvian industrialists. His family con-

Mr Guillermo Larco Cox, who was Prime Minister at the time of the benk nationalisations, has been appointed to replace Mr Luis Gonzales Posada at the Foreign Ministry. Mr Antenor Orrego, the son of a famous APRA philoso-pher and writer, will replace Mr Luis Bedoya Velez at the

FFORTS to reassure the world's 1bn scheduled air travellers every year that their airliners are safe, no matter how old they may be, are building up in the US and will swiftly spill over to western Europe and

yesterday in the US, the Air Transport Association, representing the US airlines, unveiled recommendations to the Federal Aviation Administration, the civil aviation regulatory agency, for the progressive modification of all jet airliners once they reach a certain age about 20 years of service.
 The FAA will now consider those pro-

posals and make a formal "request for view to making mandatory in law the Air Transport Association's ideas.

Whatever the FAA decides to do will trolled the Banco de Credito, the principal private bank nationalised in 1987. almost certainly be followed by the UK Civil Aviation Authority and other aviation regulatory bodies.

The proposals are not a panic reaction to last week's incident over the

Pacific, when some passengers were sucked out of a United Air Lines Jumbo soon after taking off from Honolulu when a hole was ripped in the aircraft's side - possibly as a result of a faulty cargo door lock. Ministry of Housing

Rather, it is the result of a long-running, detailed study into the problem of

eing jets which has been worrying the airline and jet manufacturing indus-tries for some time. Boeing, the world's biggest manufac-

turer of jet airliners, says that out of a total world fleet of 7,400 aircraft about 3,500, or about half, are over 12 years of age and that nearly 1,000 are over 20 years old and still flying.

It believes that most of those aircraft

are quite safe. But, as Boeing points out, since they were first built in the 1950s, 1960s and early 1970s, technology has moved on. Depending on where those sircraft have been flown — for example, in salty, corrosive areas like the Pacific — and how they have been flights requiring many take-offs and landings and by different pilots, some may well be needing significantly more maintenance or modernisation than existing laws require.

Last summer, the FAA together with the airlines and the jet manufacturers held a conference in Washington to discuss the problem. Representatives of the Civil Aviation Authority and the world airline group, the International Air Transport Association, as well as the International Civil Aviation Organi-sation, the UN aviation technical

It was agreed that task forces should

be set up to study geriatric jets and see what needed to be done to keep them flying safely.

Boeing, in conjunction with United Air Lines of the US, looked at early-model 727s, 737s and 747s. Douglas, with American Airlines, looked at DC-8s, DC-9s and DC-10s. Delta Air Lines with the relevant manufacturers and the air-lines using such aircraft, looked at Air-bus A-300s, British One-Elevens, Con-vair CV-580s, Fokker F-28s and Lockheed Tristars.

Doeing has been the first of such task forces to report, covering by the end of last year some 72 air-747s), and finding all but about three of them (5 per cent) up to existing airwor-thiness standards. The other task forces have still to report.

Nevertheless, the Boeing task force

has made a number of recommendations for modifications to the ageing aeroplanes of the types it studied, ranging from changing bolts and rivets through to renewing larger parts of the aircraft structures. In all, it recomended 70 specific modifications to all elderly 727s, over 50 for the older 737s and 40 for the early model 747 Jumbos. It points out, however, that many of its recommendations have already been

implemented by many airlines including British Airways.

Nevertheless, because of the advances in technology since the air-craft were built. Boeing believes that all owners of such older jets should be compelled to make the modifications, by law through their relevant regula-tory authorities if necessary.

Moreover, Boeing believes, and the other manufacturers are expected to concur, that even though many of the modifications may prove to be expensive they will extend the economic lives of the aircraft beyond the existing lim-

nised that the older any airliner gets, the more modifications it will eventually require, until it reaches the point where it is no longer worth undertaking them and the aircraft must go for scrap. It accepts that fixing such a point in any aircraft's life will be difficult.

Boeing stresses that the work of the task forces will not end with the recommendations now being made. They will mendations now being made. They will go on for years, so that even as today's new-generation jets, such as 757s and 767s, become older, they will be subjected to the same stringent regime of checking and modification until they, too are fit only for the same hear. too, are fit only for the scrap hear.

Karen Zagor in New York and George Graham in Paris examine radically different approaches to the book market

# High rents and low brow tax US bookshops

A MID the bright lights and bustle of Fifth Avenue, the designation nue, the darkened windows of the Scribner Book Store cast a pall. The Scribner name still graces the door of this lovely Beaux Arts store front with its fluted iron grillework and high arched windows. But New York's most civilized book store is no more - forced out of its home of 75 years by the combined forces of soaring rent and the traditional small profits of the book

Scribners is not the only store to founder in the tough conditions of the book market. "The problems of the independent bookseller today began shortly after the Guttenberg Bible was printed," says Mr Ed Morrow, president of the Amer-ican Booksellers Association. Chaos has dominated the arrangements between publisher and bookseller since Although this is undoubt-

edly true, the past two decades have been especially unkind to independent booksellers in the

US. Having weathered the storm of chain store prolifera-tion and the massive discounting that inevitably followed, the surviving independents are now confronted by a new threat in the steep costs of rents and other overheads. The position has been made worse by a pricing system which permits publishers to set

maximum retail prices. This means a bookstore in a high-rent area such as Greenwich Village can charge no more than one in a low-rent area such as the South Bronx. In the light of this, and the heavy costs involved in dealing with the publishing industry's notoriously fragmented universe of suppliers, it is some-what surprising to learn that the number of independents is

increasing.
Of the 81,161 book stores in of the 81,161 book stores in the US in 1988, 21,808 or 27 per cent, were independently run and 67,095 were chain branches, according to the American Book Trade Direc-tory for 1988-1989. This com-pares with 14,489 independent

book stores in the 1985-1986 most chic restaurants.

The principle weapon in the independent's armoury, howter of the independents who have shown the adaptability, tenacity and resilience of cockroaches. They have been helped too, by the antiseptic atmosphere of the average chain store, which is anathema to the discerning book buyer.

"The chains are helpful because they give such bad service that people go to independents to be treated well," says Ms Lennie Galay, who owns the Corner Book Store, a small independent on Madison Avenue. Ms Galay, it should be noted, has the good fortune to own the property. "I don't think we could survive if we

didn't own the building," she Location can also help. On the Sunset Strip in Los Angeles, Book Soup's business has been augmented by the spill-over from neighbouring Tower Records and by star-watchers gazing at the celebrities who drop in after dining at nearby Spago, one of LA's

ever, has been that of specialisation. In recent years stores specialising in everything from the military to the mystical have sprung up, luring readers with an interest in these areas away from the chains. Children's bookstores have

been a good sub-sector for inde-pendents. Today there are some 275 bookshops that cater to the juvenile market. In 1986 there were 215, up from 141 in 1982 and 94 in 1977, according to the American Book Trade

A book store such as Reyore's, which has sold children's books in Manhattan for the last 14 years, also keeps its head above water by sponsor-ing special events. Of course, the chains are not immune to high rents, espe-cially since many first opened

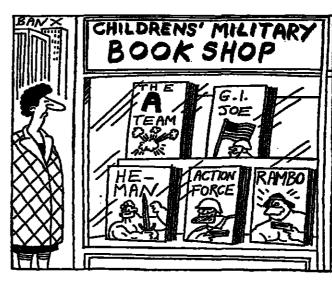
in new shopping mails where the initial leases were favoura-ble. Rents have risen steeply as

This appears to have helped put the brakes on discounting, which has also worked in favour of the independents. Indeed, discounting may prove to be the nemesis of the

chains. Many industry observers believe that it contributed to the downfall of the B. Dalton chain, which was sold to Barnes & Noble in 1986 after profits dropped sharply. B. Dalton had been one of the industry's leading discounters. As in retailing in general,

the chains have taken a string from the independent's bow and are now specialising. Wal-denbooks, a subsidiary of K. mart, introduced Waldenkids stores in 1987. The initial plan was to expand at a rate of about 40 new Waldenkids stores a year, according to mess reports. However, only 28 Waldenkids had opened by the end of 1988 and none is planned for 1989, the company

Another possible boost for the independents is the pend-ing decision on a complaint of



unfair book pricing which was filed by the Federal Trade Commission in December. The FTC alleges that the six major publishers are discriminating against smaller buyers by attaching pricing and other benefits to volume of purchase. The hearing will be on April 6.

A change in pricing policy would probably not have been enough to keep Scribners at its expensive Fifth Avenue location, but a ruling in favour of the FTC would give the inde-pendents further hope for sur-vival in this competitive mar-ket.

### French law defends literary quality against the price of competition based on decades-old private agree-ments going back 101 years and 87

the malls have become more successful.

S IX YEARS after a law banned book discounting, France's largest bookseller has not abandoned its fight to end price regula-

But the FNAC, which sells 13m books a year, half of them in its two giant Paris stores, has made little headway against a united front of publishers, independent booksellers

publishers, independent cooksellers and government officials.

With the return last year to the culture ministry of Mr Jack Lang, author of the 1982 law which imposed a single price for books with discounts not permitted to exceed 5 per cent, the chances of a change in policy appear slim.

In the the LIK or West Germany. Unlike the UK or West Germany,

In the 1970s, French publishers used a recommended price mechanism, with discounts allowed to the booksellers according to the volumes they ordered. Only a few retailers, such as the FNAC, chose to pass on the price of the process. part of this discount to their customers. In 1979, a government decree In 1979, a government decree ended recommended prices. For three years, publishers sold their books at a net price, and it was up to whose book pricing systems are

UK's net price agreement.

years respectively, the French sys-tem has the force of law. It has

passed the inspection of the Euro-pean Commission in Brussels, which

one of the main opponents of the

the retailer to add a margin. It was this system which was ended by the Lang law of 1982.

A review carried out in 1987 by Mr
Patrice Cahart, director of the
French mint but also a novelist in
his spare time, argued against
changing the law, in spite of the free
market preferences of the new rightwing culture minister, Mr Francois
Lecture. Lang law of 1982.

"The law is the only means of maintaining a nationwide network of bookshops. It is the only way to ensure that literary works are not pushed up to prices where they will never sell, while the bestsellers are discounted," argues the head of one independent publishing house. Mr Jean-Paul Caumont, director of

book products at FNAC, disagrees. In 1982 FNAC, which had been discounting by a uniform 20 per cent, saw its volumes plunge but its margins increase as it was obliged by the Lang law to reduce its discount

"I have never understood why competition should be a good thing everywhere except for books. Is it normal for our book customers to subsidise our record customers?" he

Mr Caumont notes that since 1982 book prices have risen 12 percentage points more than the Insee general consumer price index, although book prices also outstripped the general index in the years of net pricing. He also notes that book clubs, especially

the market leader France Loisirs, half-owned by Bertelsmann, have gained ground rapidly since 1982. They can discount, and produce only estsellers, he says. The French publishing industry

produced 30,962 titles in 1987, the latest year for which statistics are available, including 13,530 new titles and 3,133 new editions, as well as 14,319 reprints. Production totalled 366m volumes, slightly up on the previous year, though some booksell-ers estimate that 25 per cent of the books they receive are returned unsold to publishers. The Cahart report suggested some 50m to 55m volumes are pulped each year. Official statistics suggest there are 20,000 book retail outlets in France,

but publishers say the real total of regular outlets is closer to 4,000, with 1,200 real bookshops. Only some 30 bookshops sell more than FFr10m (21m) of books a year.
But half the country's bookshops are in Paris, and half the country's sales of new titles and works categorised as of "intellectual" interest are rised as of "intellectual" interest are recorded in only four Paris districts: the 5th, 6th and 7th arrondissements, forming the Left Bank, and the opulent 16th. In these districts, as in central

Lyon or Marseille, there is one bookshop for every 1,200 to 1,700 inhabitants, while in lower income urban areas each bookshop serves an estimated 90,000 to 100,000 inhabitants. llies

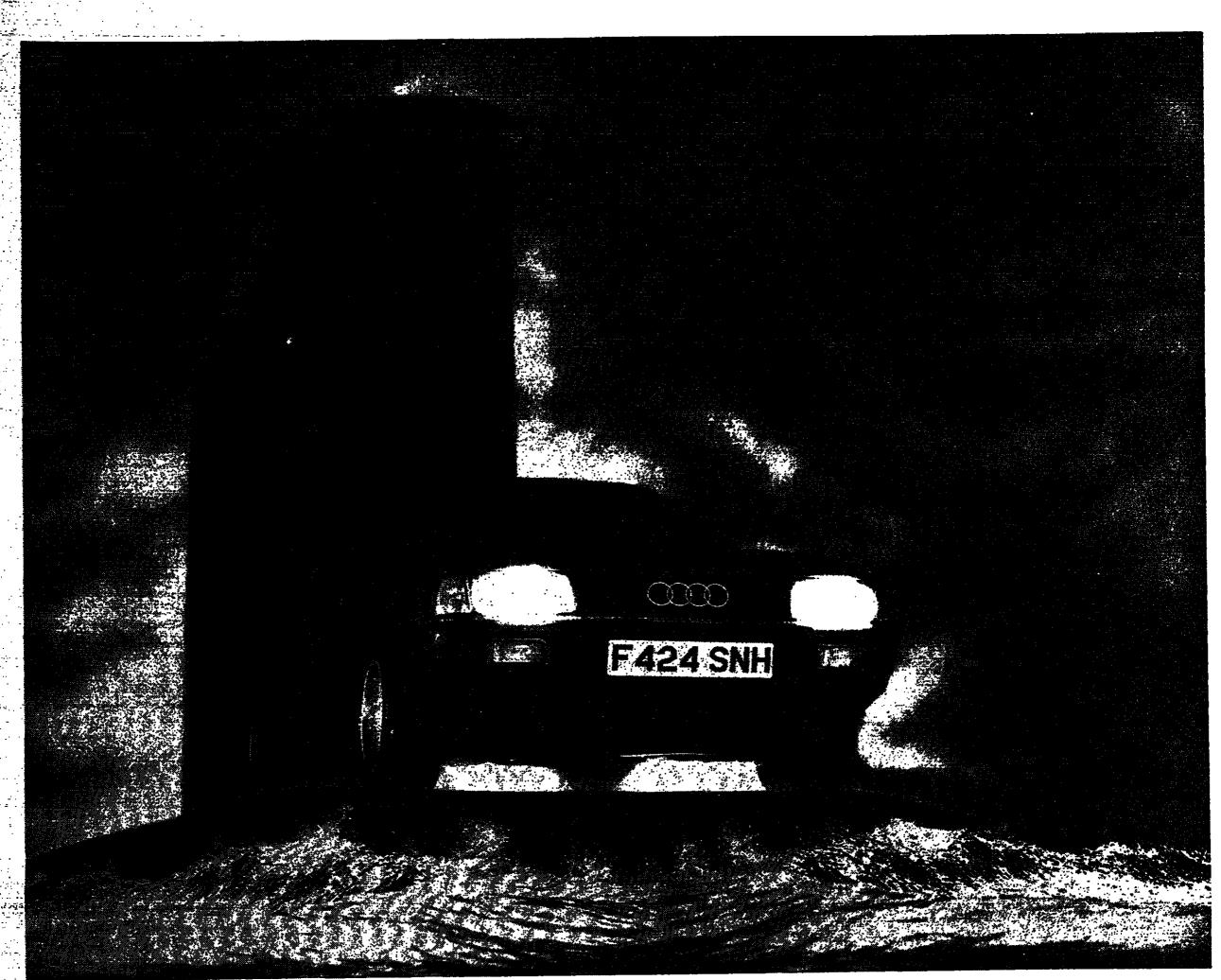
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# The submarine will rust before the Audi.



### THE AUDI 80.

If you happen to be in the market for a new submarine, don't worry. It's unlikely to fall apart over the next couple of years.

We'd just like to point out that the steel body of an Audi 80 enjoys a level of protection not given to your average sub.

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# Sony to open its first plant in Italy this month

first manufacturing plant in Italy this month, in a move aimed at expanding its production facilities in Europe.

The plant, to be located at Rovereto in the Trento region

of Northern Italy, will manu-facture up to 48m cassette tapes a year, mainly for export, when it is fully operative in

Sony has spent around L30bn (£12.6m) investing in the new plant at Rovereto, which in turn has created 140 new jobs. The new 6,000-square metre plant will complement the cassette manufacturing activities of Sony's plant at Bayonne in France, where around 60m cassettes are produced annually.

It is expected that 80 per cent of the output from Sony's Italian plant will be exported from Italy. Most of the casmarkets, but a portion of spe-cially-designed Made in Italy Sony tapes are likely also to be sold back into Japan.

Sony at present enjoys annual revenues of around L500bn from Italy, where it dis-tributes televisions, video-recorders, compact discs and recorders and Walkmans.

The Milan-based Sony Italia has a staff of 220, and markets

its products by way of a net-work of 130 wholesale agents. Sony claims roughly 10 per cent of the Italian market in consumer electronics, making it the second biggest company

after Philips.
Initial production at Rovereto is likely to be at the rate of
2m tapes a month, rising to 4m by the middle of 1990. Elsewherein Europe, Sony already has plants in the UK, West Germany, France and Spain.

ate Cavendish International, British Telecom, Swire Pacific,

China International Trust and

Investment Corporation, and

the Hongkong Bank. American Telephone and Telegraph and

Japan's Kokusai Denshin

Company, with property developers New World Development,

### Four consortia to compete for HK cable TV franchise

By Michael Marray in Hong Kong

FOUR consortia are chasing the franchise to build and operate a HK\$4bn (£289m) cable television network in Hong

Kong.
The two leading contenders are Sir Y. K. Pao's Wharf Holdings in alliance with the American telecommunications giant US West, and Mr Li Kashing's Hutchison Telecommunications, allied with British Telecom and a group of major Hong Kong property develop-ers, including Henderson Land and New World Development

The Wharf consortium is owned 28 per cent by Wharf itseif, 27 per cent by Sun Hung Kai Properties, 10 per cent by the film mogul Sir Run Run Shaw's Shaw Brothers, 25 per cent by US West, and 10 per cent by the Belgian cable TV operators Coditel. Paramount Pictures will advise the consortium, known as Hong Kong Cable Communications

Its rival, Hutchison CableVision, includes Hutchison Telecommunications and its affili-

### **EC** accepts price pledge by Far East VCR makers By William Dawkins in

THE European Community has accepted price undertakings from four out of five South
Korean and Japanese video
cassette recorder (VCR) producers found to be exporting to
the EC at unfairly low prices,
but imposed definitive dumping duties on the fifth.
Samsung Electronic Gold.

Samsung Electronic, Gold-star Electric and Daewoo Electronics, which together repre-sent all of South Korea's VCR industry, and Funsi of Japan promised to raise their EC

prices in place of paying puni-

The fifth company involved Orion of Japan, has elected instead to pay definitive duties of 13 per cent, down from the existing provisional rate of 18 per cent imposed on it last year. Both kinds of penalty will have the same effect of increasing prices to the con-sumer in the EC's \$2bn (£1.1bn)

market for VCRs.
The European Commission set provisional levies of between 18 and 29.2 per cent on the Far Eastern companies' EC sales last September, in response to main European competitors' claims that they were pricing their machines below normal value.

The decrease is a result of extra evidence gathered over the past few months. Definitive duties are paid in cash on frontiers, while exporters merely have to take out bank guaran-tees to cover provisional levies. The size of price undertak-ings are usually kept secret,

Denwa are acting as technical advisers, while Viacom inter-national of the US and Cana-da's Rogers Cablesystems will though they are designed to have the same impact on the exporters' margins as the antihelp on programming.
Two other consortia are bidding. One is Sun Hung Kai and dumping duties that would have otherwise applied. The definitive levies in this case would have been 23.7 per cent for the three South Koreans and 13 per cent for Orion of Henderson Land and Hang Lung Development, and local businessman Mr Dickson Poon Japan, all lower than the provi-The other is Supertech Interna-

sional levies.

The move ends one of the EC's most controversial dump-The government has prom-ised a decision by September 1, ing cases. Consumers' groups have accused Brussels of helpwith the first cable programmes due in 1991. Hong Kong Telecommunications, the subsidiary of Cable and Wireing unnecessarily to drive up prices in the fast growing Com-munity market for VCRs, as less, which has a monopoly on telecommunications services in have the several European companies which import Far Eastern machines to resell Hong Kong, has not been allowed to bid under their own names.

# Refugee furrier re-fashions links with East

Judy Dempsey on an exiled Czechoslovak's retail joint venture in Budapest the Bos Co-operative in Hungary. The venture now employs 49 people.

The little shop in Semmelweis Street in Budapest, which has a staff of 27, is run by Hungarians, including the cutters, the furriers and the seam-stresses. The designs and the rechizers come from Vienna

N OLD Czechoslovak family which once had a small fur shop in Prague but moved to Vienna after the communist takeover in 1948, is reviving old contacts with Eastern Europe by setting up a joint venture in Budapest. Setting up a retail fur business in Budapest may seem an unlikely venture, but for the Liska family, especially for the founder of the business, Mr Michael Liska, old roots

Mr Liska (the name means fox in Czech) had few intentions of returning to this part of Europe. Born in 1915, in a small village in the Carpa-thians, he joined the army and was a staunch supporter of Thomas Masaryk, the first president of Czechoslovakia. Later, he worked on the roads, made his way to Budapest and avoided being sent to Ausch-witz by jumping off one of the deportation trains in Poland. After the war he settled in Prague where he set up a small fur business. But by 1948, it was time to leave for Vienna. Since then, the Liska fur com-pany has grown from strength to strength.

Mr Robert Liska, Michael's son, who also runs the business, says: "In the early days, my father did a lot of whole-sale business. He used to travel throughout the provinces. Then, he had two seamstresses, one furrier and one cutter." But the early years were difficult; before the war there were 2000 furriers; by there were 2,000 furriers; by 1945 there were 140.

"For one thing, the Russians were here until 1955, so it was hard to to obtain import and export licences," he says. Also, when Austria regained its inde-pendence, the competition became sharper.

The only way to survive was by changing the profile of the business. Mrs Edith Liska, Michael's wife, began taking a keen interest in design. "I well remember ladies com-ing into the shop wanting to buy an Astrakhan coat for a funeral," says Robert. His mother soon changed that. Designers such as Christian Dior were called in to revamp the business, a trend in which the son is now actively involved. Today, the company employs 120 people, and their furs combine traditional



follower in Eastern quarters

The bulk of their market is

and the attitudes of Austrians towards luxury goods: Austria has the highest number of Mer-cedes and furs per capita in the

But increasingly the company has its eye on exports. About 20 per cent of its annual turnover of Sch115m (£5m) consists of exports, mostly to the US and Europe. But Robert Liska reckons that despite Liska reckons that despite over-production and fiercer competition in the trade, exports could increase, especially to Japan and Spain, largely untapped markets.

While son looks more and more to the West, father has been been looking been the

been looking back towards the East, in particular to Hungary.

The idea of setting up a joint venture in Budapest began in the early 1980s. After some soundings, a company, called imperial Furs, was set up in Budapest four was set up in dapest four years ago.
"We did it for several reasons," says Robert Liska. "Partly for some nostalgic notion and partly to get a foot-hold in Hungary." Lisks put up 39 per cent of the Forint 100m (about £1m) capital, Agrobank, a Hungarian bank, 11 per cent and the rest was provided by

ond economy'."

Annual turnover is now topping about Forints 20m in the Semmelweis shop itself while the combined total turnover, which includes two other Meanwhile, father has his eye on his native Czechoslo-

vakis. The ground is slowly being tested. But both genera-tions believe the time is not

machinery come from Vienna.
But at a time when living standards are falling and inflation is running at over 17 per cent, who can afford to buy

such luxuries as mink coats?
"You would be surprised,"

says Mrs Judit Szanto, one of the assistants in Budapest. "It

is not your banker-type person who comes in here, but more

the car mechanics, the owners of the privately-run boutiques and people involved in the 'sec-

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# E Europe policy shift boosts imports from West

**ÉAST** European countries significantly increased their imports from the West last year in an apparent shift of trade policy away from controlling import expansion, according to a new report from the Organisation for Economic Cooperation and Development (OECD).

Imports from the West ran at an annual rate of \$41.5bn (£23bn) in the first eight months of last year compared with \$38.3bn in 1987 with the bulk of the gain accounted for by the Soviet Union.

As a result, trade balances with the West have deterio-rated and debt has increased, it says in its regular review of Financial Market Trends.

The increase in imports and debt suggests that most Kast-ern European countries, with the notable exception of Romania, are now prepared to increase their borrowing to finance economic reform, and in several countries indebtedness can be expected to rise further.

The policies of economic reform currently in place, even if applied effectively, can at best be expected to result in export gains only in the

"Meanwhile the demand for imports will be strong in order to sustain investment pro-grammes and to supply the domestic consumer market," the OECD said.

In dollar terms, gross debt of the six East European Com-econ countries and the Soviet Union fell slightly last year to \$129bn from \$131bn in 1967, but this reflects valuation changes due to the appreciation of the dollar, and there was an under-lying increase in total debt.

Except for Hungary, Poland and Bulgaria, debt levels in Eastern Europe are moderate and there is room for a con-trolled increase although market conditions have begun to

tighten, the OECD said.

A feature of East-West trade financing was a relative decline in the share carried by official export credit agencies whose funds have become less attractive with the demise of subsidised interest rates. The share of officially-

backed export credits in Soviet foreign borrowing slipped to about 37 per cent in 1987 from 60 per cent in 1985. Other East ropean countries have seen a similar movement but it has been less abrupt.

According to the OECD, the combined current account surplus of East European countries was \$3.2bn last year, but this includes a substantial \$2.2bn surplus notched up by Romania, while the Soviet surplus slipped to \$3.1bn from

These figures do not, how-ever, reflect the true cash position of the countries concerned since they include sales to developing countries. These are usually handled on a barter basis but the failure of developing countries to balance this trade has resulted in a net extension of credit to m by the East bloc, an issue which is becoming increasingly problematic.

Among individual countries Bulgaria recorded a sharp \$250m increase to \$1.35m in its current account deficit last year while its net debt jumped to \$6.4bn from \$5.3hn.

"Bulgaria and Hungary now appear to be in positions where financing needs are such that a loss of confidence which severely constrained the capacity to continue borrowing could lead to a liquidity crisis, " it said.

Czechoslovakia seems likely to slip into this position as well, although its vulnerability at present is small. The Soviet Union and East Germany still have very high levels of - "Assuming that current bal-ances remain weak in the future and that significant amounts of debt will have to be rolled over each year, horrow-ing requirements of all coun-tries will grow heavier and it will be increasingly criticial to maintain the confidence of international creditors."

The OECD noted that borrowing conditions for Eastern European countries began to tighten in late 1987, a factor which may have encouraged them to reduce their reliance on openly syndicated credits in favour of more discreet bank-to-bank borrowings and specialist *"à forfait"* trade finance.

Tighter conditions in com-mercial markets may in future lead to a better balance between the share of finance provided by private lenders and that carrying an official export credit agency guaran-

# "A favourable exchange rate can mean a great deal. Ask Credito Italiano what the lira is worth today."

- Why Credito Italiano, Howard? - Because, Michael, they're

Oh, really... since when? Since I realized just how hard it is to get the same terms anywhere else.

- That's all very well, but business with Italy is increasing all the time. What are we going to do about exchange risks... interest rates, that sort of thing?

the ones who handle all our lira business.

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Bright... friendly... really on the ball...

- But, how many branches have they got... and more importantly... where? Don't forget we've got customers all over Italy now. - Coming on for nearly 500 branches... and



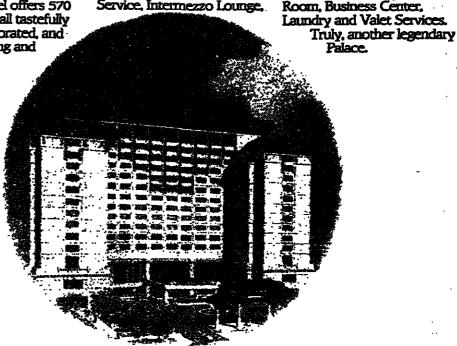


# The beginning of March 1989, and the start of a new legend.

From this date The Palace Hotel, right at the heart of Beijing at Wangfujing, will open a whole catalog of fine services and superb facilities.

The Palace Hotel offers 570 rooms and suites, all tastefully furnished and decorated, and incomparable dining and

entertainment including Palm Court Coffee House Champagne Room (French). Roma Ristorante Italiano. Japanese Restaurant, Room Service, Intermezzo Lourige. Rumours Discotheque, Piccadilly Night Club, The Point After, Fortune Garden (Cantonese), Palace Restaurant (Sichuan), Palace Spa, Billiard Room, Business Center, Laundry and Valet Services.







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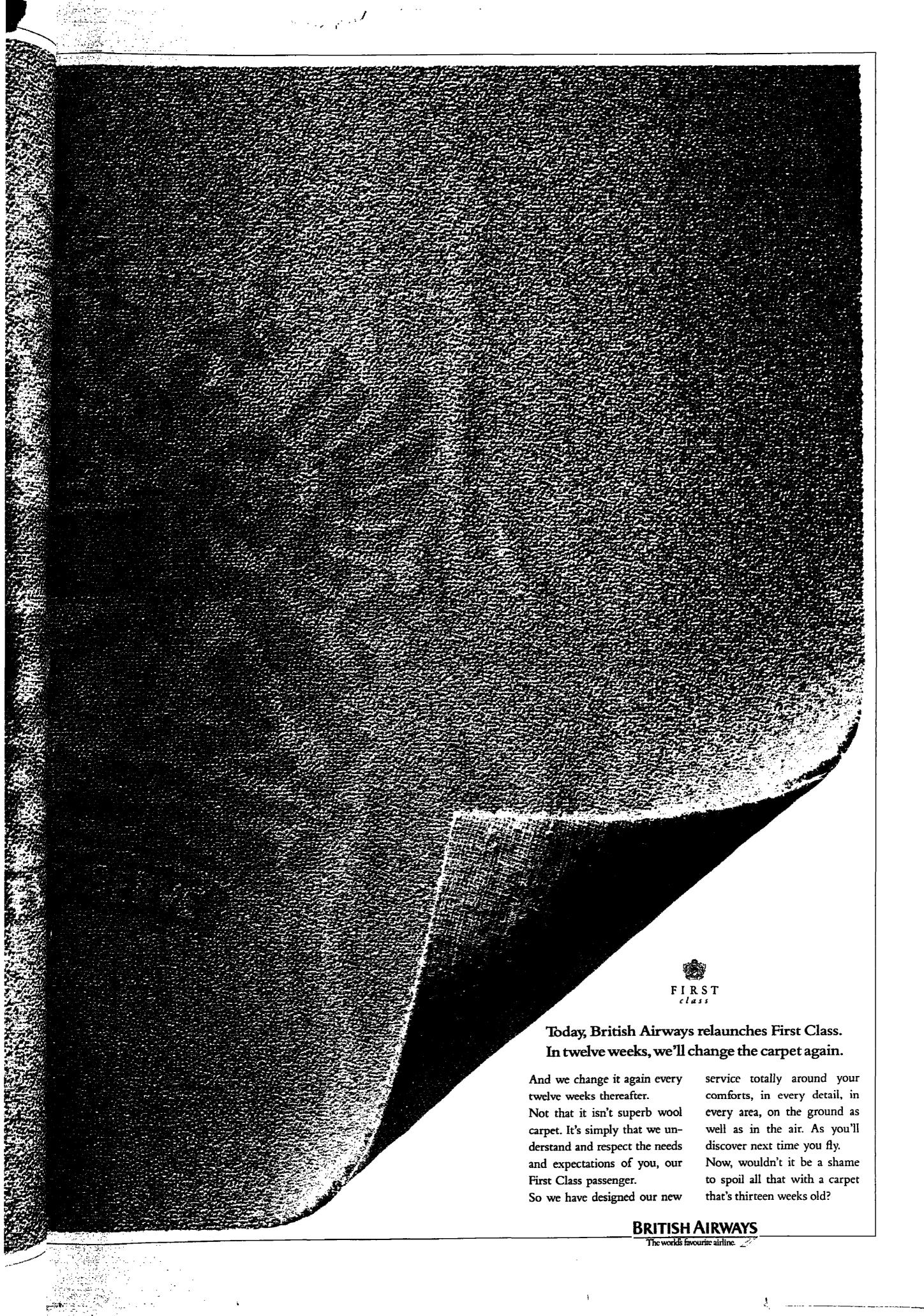
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# Minister vetoes London council's swap payments

By Norma Cohen

HAMMERSMITH and Fulham, the west London council is to withhold several million pounds due to banks under interest rate swap and options contracts after Mr Nicholas Ridley, Environment Secretary, refused to sanction the

His decision yesterday means councillors could be personally liable for surcharges if the payments were

The Labour-controlled council's decision in turn is expected to mean that local authorities will have to pay more to borrow money. The Bank of England has told the Environment Department it expects a "disturbance" in the market for local authority debt. Many local authorities

engage in swap contracts - in which two borrowers agree to pay the interest on each other's loans, usually resulting in lower interest costs to both because each can take advanbecause each can take advantage of lending anomalies.
Through the Public Works
Loan Board, councils have
access to fixed rate borrowings
at low rates which can be
swapped to lower cost floating

Some councils have, how-

New age of

apprentices

at Telecom

BRITISH Telecom is to offer

apprenticeships to people up to the age of 41 in an attempt to

arrest growing retention and recruitment difficulties.

The telephone company also

plans to increase significantly the number of apprenticeships

on offer following a marked

decline in recent years.

BT's proposals, revealed at an Industrial Society confer-

ence in London yesterday, represent one of the most radical

responses among major compa-nies to the need for recruiting older staff in the face of increasing skill shortages.

of employers is advertising for mature staff in less skilled

jobs, few have so far contem-plated the expense involved in

offering apprenticeships to peo-

BT is experiencing growing skill shortages particularly in engineering grades. The prob-

lem has been fuelled by a

decline in the number of teen-

agers available for recruitment

and a fall in the number of its

Communications Union, which represents most BT staff, the

company offered several thou-

sand apprenticeships a year in the 1970s but last year only a

recruits in the London area,

where recruitment and reten-

tion problems are most acute.

• A High Court judge ruled

According to the National

apprenticeships.

ple other than teenagers.

Although a growing number

By Michael Smith,

ever, become traders in swaps, arranging exchanges of interest payments on notional loans even when no funds have been borrowed. Hammersmith has been especially prominent in this business. Last summer, the Environ-

ment Department warned councils that trading in swaps councils that training in swaps and options contracts might be outside councils' powers.

Hammersmith's auditors, Deloitte, Haskins & Sells, and some of the parties to the deals began questioning the nature and volume of the contracts in July and the council began to

July, and the council began to wind down its positions. It also issued warranties to counterparties assuring them tt had authority to enter into swap and options contract under local authority law. Those were given after after legal consultation.

On Friday, at Deloitte's request, the council asked the Environment Department to sanction 12 payments totalling about £2.3m due under swap and options contracts between February 22 and March 6. The DoE was also asked to sanction the receipt of about £650,000 due under swap and options

Mr Ridley yesterday declined

Agriculture Correspondent

GOVERNMENT health

advisers have recommended a number of precautions to ensure that a disease which

causes madness in cattle is not passed on to humans.

party has said that the possibil-ity of transmission is remote,

the Government is sufficiently anxious about the disease – bovine spongiform encephalopathy – to have set up a scientific committee to oversee research into its

Other measures, including laws to make it illegal to sell baby foods containing cows'

brains, will also be introduced.

Mr Kenneth Clarke, Health Secretary, explained that baby foods did not contain cows' brains or intestines, but the legislation would stop any pos-

sible future use.

Doctors will also be alerted

to watch for any change in the pattern of Creutzfeldt-Jakob

disease – a related disorde

The cattle disease, known as BSE for short, attacks its vic-

tims' nervous systems. It was

ago and, while it is described as similar to scrapie which

affects sheep and is not trans-

which can affect humans.

causes and spread.

While an official working

By Bridget Bloom,

Cattle disease

controls urged

### Water price | rise 'due to cost of sell-off'

By Richard Evans

to release the councillors from the possibility of penalties. Cit-ing the Local Government

Finance Act of 1982, he said: "In the light of the information

available to me and having regard to all the circum-

stances, including the scale, nature and possible conse-quences, I have decided that it would not be appropriate for me to sanction these payments

and receipts."

The swap deals have been made with a number of banks. Because these counterparties

are widely spread, the Bank of England has told senior gov-ernment officials no individual bank will suffer serious dam-

age and there is therefore little systemic risk to the system. The council said the con-

tracts had resulted in no losses to ratepayers in the 1968-89 fis-

cal year. It had ample funds, kept in segregated bank accounts, to make the pay-

The council's decision to

withold the payments could trigger so-called cross-default clauses in other loans, with

lenders declaring those loans in default and immediately

payable. That would place the borough in precarious financial straits.

missible to humans, its inci-

dence has increased markedly. Just over 3,000 cases have been

identified on about 2,100 farms,

with cases currently running

party, chaired by Sir Richard Southwood, Professor of Zool-ogy at Oxford University, sug-

gests the disease has come from cattle feed containing ani-

mal remains — probably bone meal from sheep with scrapic. Such feed was banned last July while, in an effort to pre-

The report of the working

at 100 a week.

A statutory water company A statutory water company which is increasing its charges by 42 per cent has blamed half the increase on the additional costs triggered by the privatisation of the water authorities. To the political embarressment of Government ministers, West Kent Water Company has told its 140,000 customers in Sevenaelos. Tunpany has told its 140,000 customers in Sevenoaks, Tun-bridge and Tunbridge Wells that 21p of the proposed increase from April 1 is "to meet privatisation requirements." Only 4p of the rise is to meet maintenance costs and European Community directives or water mality.

tives on water quality.

Mr Nicholas Ridley, Environment Secretary and Mr
Michael Howard, Water Minister responsible for shepherding the privatisation through parliament, have been fighting an acrimonious running battle with the 29 statutory compa-nies, which are already in the private sector, over their planned price increases of up to 50 per cent.

The ministers have argued The ininisters have argued that the sharp rises cannot be blamed on privatisation of the 10 regional water authorities, and should be reduced to single figure increases.

gle figure increases.

But the companies, which supply a quarter of all households in England and Wales, insist that a big rise is necessary to help finance their capital requirements and to prepare them for the new regulatory regime that privatisation will bring.

Mr Jack Cunningham, opposition Labour party spokesman on the environment, disclosed the West Kent decision to an embarrassed Mr Howard

to an embarrassed Mr Howard during the committee stage of the Water Bill in the House of Commons yesterday, after receiving copies of the bills from company customers.
"This makes it clear that the

huge increase, this taxing of the water consumer, has noth-ing to do with combatting environmental pollution but everything to do with privatisation," he said. Mr Michael Streeter, man

ing director of both West Kent and Mid Sussex Water Compa-nies, said the additional burden from privatisation came partly from the costs of employing engineering consul-tants, accountants and mer-chant bankers to prepare for the new regulatory regime. The rest was to increase rev

enue to pay for improvements regime would be financed from borrowii rowing would be impossible when the companies became public companies.

about having to raise charges by this amount but we can't get away from it," he said. The capital expenditure pro-gramme of West Kent, which has a turnover of £5m, has risen from £500,000 in 1987 to a proposed £2.7m in 1989. Cambridge Water Company

is raising charges by 29 per cent from April 1, but for dif-ferent reasons. Mr Robert Bur-gin, general manager, said it was "nothing to do with priva-tisation" but was largely to meet the costs of the new RC. meet the costs of the new EC water quality directive. Many companies have yet to confirm their increases. The belief is that many, but not all, will ignore Government

pleas for single figure increases and will press ahead with rises they feel they can justify to their consumers. The authorities have already agreed an average increase of 9.8 per cent from April 1.

# Court hearing over £1.2m MoD contracts

GEC-MARCONI, the defence arm of Britain's General Elec-tric Company, said yesterday the alleged irregularities for which three of the group's companies have been summonsed to appear in court next week involved contracts worth no more than about £1.2m.

The company said the summonses were in connection with three related Ministry of Defence contracts for speech encryption equipment deliv-ered in 1983.

This equipment, known as vocoders and designed to transform the human voice into coded signals, was made by Marconi Secure Radio Systems

Summonses were served on Monday for the company to appear at Portsmouth magis trates court on Monday text week along with Marconi Space and Defence Systems, to which it reported in the group hierarchy at the time of the contracts, and The Marconi Company, which was at the head of the group. Three former executives and

one current GEC-Marconi employee, all attached at the time to Marconi Space and Defence Systems or the secure radio unit, are due to appear at the court on April 25 facing a list of charges covering theft, decention and false accounting

accused men is Major-General John Sturge, a former chief sig-nals officer for the British Army of the Rhine who later became an Assistant Chief of Defence Staff at the Ministry of Defence. He was general manager of Marconi Space and Defence Systems from 1981 to 1984 and managing director of Marconi Secure Radio Systems from 1984 to 1986, when he left the group to become a consultant for the Logica computer

sant for the Logica computer systems company.

The moves by the Serious Fraud Office came after allegations by a group of Labour MPs last week that the Government was delaying prosecutions in the case because of the com-

bined GEC/Siemens bid for Plessey. GEC-Marconi said yesterday it had co-operated fully with the inquiry launched by the Ministry of Defence police.

"Marconi has consistently denied dishonest conduct and will strongly contest the charges made against it," the company said in a brief statement, declining to reveal any further details.

The orders for voice encryption equipment came in the wake of the 1982 Falklands conflict, when 12 prototypes were used by the Royal Navy. A number of the vocoders were

# Inquiry sets its sights on Marconi

David White on the fraud allegations against the defence contractor

HE INVESTIGATION into alleged contract irregularities at GEC-Marconi, the UK defence contractor, which is understood to have examined interests rang-ing from radios to torpedoes, has homed in on one unit at Brown's Lane in Portsmouth. The inquiry is said to have been the biggest of its kind ever launched by the Ministry of Defence police and was last year taken over by the newly established Serious Fraud

Its first formal allegations involve what might seem to be a relatively trifling amount: according to the company, three contracts totalling no more than about £1.2m. This compares with a current GEC-Marconi annual sales figure of about £2bn, and an annual UK arms bill of more than £8bn.

Marconi Secure Radio Systems, a division of Marconi Defence Systems, is a rela-tively small part of the GEC-Marconi empire, employing 850 out of a total of 45,000 working in the UK's principle defence electronics group.
It does not even account for

the bulk of the group's military radio business, which is done by Marconi Communication Systems, based at Chelmsford, Rssex. But it is a crucial supplier for British intelligence, with products including secure telephone speech equipment and digital voice encryptors.

Military radios are one area in which the Ministry of Defence has been insistent on maintaining as wide a choice of suppliers as possible

On those grounds MoD pro-curement officials expressed strong reservations about the initial takeover plan which GEC and Siemens launched last year for Plessey, which is a major competitor in the field along with Racal. Under a considerably attered

takeover blueprint last month, GEC proposed that the West German company Siemens should take up Plessey's mili-tary communications, except for cryptography, which for security reasons would remain in British hands.

The summonses on Marconi companies and charges against four former or current employees, which include theft, deception and false accounting, have come at an embarrassing time for the GEC group, with the Siemens bid still being scrutin-ised by the Government's monopolies watchdog, the Monopolies and Mergers Com-

cited along with Marconi Secure Radio Systems are the one to which that company reported in 1983 - Marconi Space and Defence Systems and The Marconi Company. The central management com-pany for the defence side has since been re-titled GEC-Mar-

arconi Space and Defence systems was set up after the merger between GEC and English Electric at the end of 1968, embracing a wide range of activities from radar to satwas the largest part of the group's defence business and was described in company bro-chures as "Britain's fastest growing electronics organisa-

Marconi Underwater
Systems, including the key torpedo business enjoying a
monopoly position in the UK,
was split from it in 1982, and in
1984 space and defence systems
were broken off into separate
companies.

companies.
Under the current structure, set up two years ago, they are two of 11 subsidiaries under GEC-Marconi, which together

GEC-Marcon, which together constitutes about a third of the GEC electrical group.

Marconi Space Systems, based opposite the Brown's Lane plant, is a leading UK force in the development and manufacture of spacecraft and payloads, including the Skynet series of military communicaseries of military communica-tions satellites, in which it is involved with British Aerospace. It is also claimed to have been involved in the secret Zircon spy satellite proj-

Marconi Defence Systems, which like the parent GEC-Marconi company is based at Stanmore, also has a manufacturing unit at Portsmouth on England's south coast. The company's activities extend from missile guidance systems to airborne radar (including the trouble-ridden Foxhunter radar for the RAF's air-defence Tornado F3 aircraft) and electronic warfare.
Products include the seeker

ship-based surface to air mis-sile, the Sea Eagle air-launched anti-ship missiles, the Sky Flash air-to-air missile, and the Alarmanti-radiation missile designed to seek out hostile

radar systems.
Its anxiety to strengthen its hand in the missile business is one of the keys to GEC's interest in a joint bid with Fokker of the Netherlands for Short Brothers of Belfast, now up for privatisation. Shorts makes guidance work, while Marconi has guidance expertise without missiles.

missiles.
Last month, Marconi announced a tis-up with Electronique Serge Dassault of France on seeker systems, after British Aerospace turned. to the other French group, Thomson-CSF. The two alli-ances will compete for a new active seeker for the updated Sky Flash. The company's secure radio

division covers a range of special communications equipment. It was recently awarded. Ministry of Defence and Nato contracts worth more than £3m for modems to protect military fic from jamming. The Brown's Lane plant was

the site of a police search of company files in 1987, and the four men charged worked there or for the Space and Defence Systems company which came over it. The contracts cited in the

fraud allegations, according to GEC-Marconi, were for equip-ment to transform speech into systems for British Aerospace ment to transform spee weapons such as the Sea Dart coded signals.

### UK LAW REPORTS

# ITC creditors can sue members

AMALGAMATED METAL TRADING LTD AND OTHERS V DEPARTMENT OF TRADE AND INDUSTRY AND OTH-

Queen's Bench Division (Commercial Court) Mr Justice Evans: February 21 CREDITORS can recover damages from member states of the International Tin Council for loss caused by misreprefor loss caused by misrepre-sentation in respect of con-tracts negotiated by the ITC as principal, if they can prove the states authorised the contracts and, in doing so, acted reck-lessly or fraudulently; but the proceedings will be stayed if a Statute of Frauds defence exists in that the misrepresen-tation was not made in writing

tation was not made in writing and signed by the defendant. The creditors cannot see in negligence because no duty of care existed between them and the ITC or the member states; and they cannot sue for fraud-ulent trading, in that no such specific tort exists.

Mr Justice Evans so held on applications by the first defendant, the Department of Trade and Industry to strike out claims in tort by the plaintiff brokers, and claims in contract and tort by the plaintiff banks, on the ground that they dis-closed no reasonable cause of action and were non-justiciable; and on applications by the other defendants, member states of the International Tin Council including the European Economic Community, to strike out the claims on the ground of immunity from proceedings. The claim for fraudu-lent misrepresentation against the DTI was stayed on the ground of a Statute of Frauds

HIS LORDSHIP said that the International Tin Council was a trading member on the London Metal Exchange. It was an international organisation formed by treaty between 22 sovereign states, including the UK and the EC. It was an independent legal person under international law, and had the legal capacities of a body cor-

defence.

porate.

The ITC ceased trading on October 20 1985. It was unable to discharge its liabilities. The Court of Appeal had established that it contracted as principal with brokers and banks, and that member states were not liable as principals by virtue of ITC membership

The plaintiff brokers and banks had been unable to recover from the ITC because

At the start of the 1980s, it

lent trading. On the misrepre-sentation claims it was alleged the member states authorised ted to be able to meet its liabil-

tract and tort. They alleged that, by participating in ITC affairs, the defendants caused it to enter into loan agreements and thereby became par-ties to implied representations that it intended to meet its obligations. It was alleged that the defendants were under a duty of care to ensure that the representations were not mis-

The DTI applied to strike out the claims against it on the ground that they disclosed no reasonable cause of action, or were non-justiciable. The member states, including the EC, claimed immunity under the

there existed in law a general obligation of honesty, for breach of which there was a liability for fraud.

intention to pay, and an honest and non-fraudulent belief that the means to do so would exist

when payment became due. The next question was whether a duty of care arose between the plaintiffs and the FTC or the plaintiffs and the defendants.

Apart from a special claim

against Australia, it was not alleged that there were any direct communications between the plaintiffs and the states. Neither the decided cases nor the principles under-lying them justified holding that a special relationship existed between the brokers and the ITC when negotiating or concluding the contracts.

No duty of care arose between the contracting parties so as to impose a duty not negligently to mislead. In the absence of such duty a repre-sentation that the contractual promise was made without negligence was not implied. The plaintiffs also failed to establish a duty of care owed to them by the defendants. With regard to the defen-

dants as tortfeasors, the repre-sentations relied on by the plaintiffs were made impliedly to them by the ITC. If the representations were lake and the ITC was liable in tort, the plaintiffs alleged that the defendants, as member states, were under the same liability. If the member states author-If the member states authorised ITC representatives to make the contracts which gave

implied representations made by the ITC, but their liability depended on proof that through their representatives, they acted fraudulently, whether knowingly or reck-

brokers' claims against the DTI in respect of negligent misrep-resentation or fraudulent trad-ing disclosed no cause of action Their claim for fraudulent

misrepresentation was not had in law. On the elleged facts the pleadings disclosed a proper cause of action and, on the lim-ited evidence before the court,

into an area forbidden to them. It would be surprising and inconsistent with principle if any rule prevented the courts

from inquiring into and adjudicating on the allegations of recklessness amounting to

On their claims against the member states, the brokers proved on undisputed facts that the states did take part in ITC affairs to the extent of authorising the trading contracts. They therefore defeated the claim for immunity by reference to section 3(1)(a) of the State Immunity Act 1978, which provided exception from immunity from proceedings relating to a "commercial transaction" entered into by

On the banks' claim in tort against the DTI, the holding that the negligence claims were not valid in law meant that the DTI application to strike out succeeded.

On their claim in contract, the pleaded facts did not support any allegation that mem-

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port any allegation that mem-ber states authorised the mak-ing of contracts on their own behalf. They did not become parties to the contracts by virtue of ITC membership. The claim must therefore fail in

member states, the banks proved the facts necessary to establish exception from immunity under section 3(1)(a) of the 1978 Act, and under sec-tion 3(1)(b) which provided for exception from immunity from proceedings relating to an obli-gation of the state, which by virtue of a contract (not necessarily a contract entered into by the state) fell to be per-formed wholly or partly in the

On a claim against Anstralia for a unique tort, alleging that diplomats gave misleading advice, the application for immunity succeeded on the ground that the relevant activities were performed for sover-eign purposes (see section 3(3)(c).

Claims by the banks against

the EC in contract based on agency and warranty, were unsubstantiated by the facts

alleged.
It was held that the plaintiffs could recover damages for mis-representation on proof that

PTC members acted recklessly or fraudulently, but not other-The DTI relied in the alternative on the Statute of Frands Amendment Act 1828.

Rachel Davies

# teachers. Mr Bolton highlights recent

### BT's staffing problems have been compounded by a signifi-cant increase in demand for telecommunications facilities. particularly in the south-east. MRS MARGARET Thatcher, the British Prime Minister, decision. The new scheme, which is being discussed with the NCU, is likely to be aimed mainly at

Ivor Owen.

yesterday that telephone chat-lines, stopped by British Tele-com last month, should remain suspended in their present form. BT cut the services after

position either.

House that President Mitter-rand took the view that so long as the Soviet Union was modernising its short range nuclear weapons "so should

vent meat or milk from affected cattle getting into the human food chain, cattle with

human food chain, cattle with RSE now have to be slaughtered and destroyed.

The Southwood report says its inquiry into BSE had led it to question the wisdom of some intensive practices of modern animal husbandry because they risk exposing man to new animal borne discesses Controls on animal feed and

on slaughtering affected ani-mals would remain, while new controls on the use of offal

would be enforced, officials Report of the Working Party on BSE. Dept of Health, Stanmore HA7 IAY. £2.

### Lance update not wholly Bonn decision, says PM

said in the House of Commons yesterday that she did not believe West Germany should have the decisive say in the controversy over the modernisation of Nato's short range Lance nuclear missiles, writes

She was asked during ques-tions in the House by Mr Rhodri Morgan , Labour MP for Cardiff if she agreed with President François Mitterrand of

gathered that it was "pre-cisely" President Mitterrand's The Prime Minister told the

Mrs Thatcher replied "No. Most certainly not". She explained that she had not

concern over reports of teenag-ers running up telephone bills of thousands of pounds on France that the choice should Inspectorate warns of teacher shortages and falling standards

Room for improvement in schooling By David Thomas, Education Correspondent

THE growing problem of teacher shortages in Britain could endanger the delivery of the Government's educational reforms, according to a warning issued yesterday by the Schools' Inspectorate, the independent watchdog of school

The warning, contained in the inspectorate's first annual report on educational standards in English schools, is the most authoritative yet on the increasing difficulties facing schools in recruiting enough

The report, written by Mr Eric Bolton, senior chiel inspector of schools, concludes "there is room for improve-ment" and contains highly crit-ical remarks on primary school translands the transland of secstandards, the teaching of secondary children of below aver age ability, truancy among 14 and 15-year olds and mismanagement of resources by senior

educational improvements, particularly those produced by the new 16+ General Certifi-cate of Secondary Education exam, which has "markedly increased pupils' motivation; improved both teaching and learning; and helped to raise teachers' expectations particularly of pupils of around average academic ability" and con-cludes that 80 per cent of lessons are satisfactory. "In many ways, then, the education service is well

education service is well placed to face the future with some confidence," Mr Bolton writes. Nevertheless, the report points to three problems:

More people from non-traditional backgrounds, including those in mid-career, will have to be attracted into teaching to cope with the demographic downturn in 18-20 year olds, without simultaneously damaging the the quality of recruits.

recruits.

Shortages of science, maths Shortages of science, maris and technology teachers need to be overcome, not just in secondary schools, but also in primary schools which are "critically short" of such teachers.
 Primary school teachers need to smeat up to a teacher need to spend up to a tenth of their time away from the classroom to prepare for the new national curriculum, which could halt the improvement in primary staff-pupil ratios.

The report notes recent improvements in teacher train-ing but also highlights serious weaknesses, including the fail-

ure to train aspiring teachers

how to assess and record pupils' progress, how to deal with children of different ability levels and how to manage a

SSTOOTIL Mr Kenneth Baker, Education Secretary, welcoming the report's comments on improv-ing standards, said: "I am pursuing policies which aim to ensure that education does not suffer for lack of good teach-Mr Jack Straw, Labour's

education spokesman, said the report was an "extraordinary and courageous" attack on "Kenneth Baker's stewardship of the education service."
Mr Doug McAvoy, general secretary designate of the National Union of Teachers, described the report as "a damning indictment of the Government's inaction and complacency over the whole question of teacher supply."

Among the most critical comments in the report are those directed at primary schools, which have long been considered to have fewer problems than secondary schools. Mr Bolton complains that primary school children are not Government's inaction and mary school children are not stretched after they have learned to read and points to a

"lack of pace and progression"

in primary English, maths and Most primary schools deal effectively with the basic skills of literacy and numeracy but much less satisfactorily with the rest of the curriculum," Mr

Bolton writes. The report says truancy rates among fourth and fifth year secondary pupils "in some areas are a cause for serious The inspectors have found truancy levels of 20-30 per cent to be fairly common and levels

of more than 50 per cent are not unknown. The report stresses the inade-quate state of many school buildings, with the quality of secondary accommodation having deteriorated since the first half of the 1980s. half of the 1980s.

Yet it blames other shortfalls
in resources largely on the
incompetence of senior teachers. In primary schools, for
instance, "deficiencies in
books, materials and equipment continue to stem largely
from inadequate identification
of peads or from noor manage.

Standards in Education. 1987-88. DES Publications Centre, Honeypot Lane, Stanmore, Middleser HA7 1AZ. of its inability to pay its debts. They therefore claimed against

the member states. The brokers claims lay in tort. They claimed damages for misrepresentation and frauduimplied representations, made recklessly or negligently by the ITC, that it reasonably expec-

The banks' claims lay in con-

State Immunity Act 1978.
With regard to fraudulent trading, the brokers claimed that when contracts were being made, ITC business was carried on in the knowledge that liability could not be met, recklessly and in a manner calculated to prejudice creditors.

The brokers submitted that

There was an absence of authority in which that general principle, or specific liability for fraudulent trading, had been recognised or applied.

There was no liability in tort for loss caused by fraudulent trading, or for fraud in the general sense of dishonesty, except on proof of loss caused by on proof of loss caused by fraudulent misrepresentation: that is damages for decett and in certain circumstances where "equitable fraud" could found liability.

With regard to implied representation, a contracting party impliedly represented that his contractual promise was made honestly and did not involve any fraudulent (that is knowing or reckless) misconduct on his part. A contractual under-taking therefore implied a rep-resentation that there was an honest and non-fraudulent

rise to the implied representa-tions, and if the representations were false, there was no reason why the defendants should not be liable. The defendants might be held to have authorised the

The conclusion was that the

the allegation was not improp-erly made.

As to non-justiciability, the brokers' allegations did not require the courts to venture

### **UK NEWS**

# Oil trader moves in line for top British Coal job

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MR DAVID KENDALL, a leading oil industry trader, emerged yesterday as a con-tender to succeed Sir Robert Hasiam as a future chamman of British Coal.

Mr Kendall, 58, is to join the Corporation as a full time joint deputy chairman. His appointment runs from the beginning of next month until December

Mr Cecil Parkinson, Energy Secretary, also announced yes-terday that Sir Robert, whose three year chairmanship was due to last until the end of August, had been reappointed until the end of 1990. As deputy chairman, Mr Kendall will fill the post left by the retirement last September

of Sir Kenneth Couzens

John Northard, the Corporation's operations director. Mr Kendall, an accountant by training, had worked at BP for the past 25 years. His last job at BP, from which he resigned in December, was as chief executive and managing director of BP Oil, British Petroleum's UK refining and

The other full-time British Coal deputy chairman is Mr

With his experience in the downstream oil business, Mr

By Della Bradshaw

who gain unauthorised access

to computer systems or who

introduce computer "viruses",

should face criminal prosecu-tion, according to many of Britain's largest computer

users and manufacturers.
In addition, anyone who

introduces a computer "viruses" an unauthorised pro-gram code which continually

reproduces itself and can

destroy data, should also be

The views have come in response to a Law Commission consultative document, in

which the Commission pro-

posed that existing laws are broad enough to deal with the

In written papers to the Law

Commission, submitted yester-day, organisations as diverse as the Confederation of British

Industry, Institute of Chartered Accountants, British Computer

Society and Computing Ser-

vices Association attacked the Commission's view. They

argued that current laws on

theft and fraud have proven inadequate in dealing with the

growing number of computer

They believe anyone who

gains unauthorised access to computer data should face

specific law on relating to com-

cent rise on 1987, according to figures from the Association of

the British Pharmaceutical

Exports were up by 7 per cent to £1.62bn, while imports rose by 11 per cent to £876m.

The association said that, in spite of the good trade figures

for drugs, it was worried by an increase in imports of medi-

cines from European countries such as Greece which have rel-

atively low prices for pharma-

Many of these imports are

industry yesterday.

puter access, according to Mr bill. Chris Amery, Chairman of the

information technology secu-agree to introduce legislation rity committee of Beita (busi-relating to computer hacking

ness equipment & information and viruses, it is unlikely to technology association), which become law before 1992.

BRITAIN'S pharmaceutical tors at low prices. UK merindustry last year recorded a chants then buy these products trade surplus of £835m, a 3 per for importing into Britain,

Pharmaceuticals trade

surplus up 3% in 1987

Computer industry

urges 'hacking' laws

BRITISH Coal is to impose on the National Union of Mineworkers the two-year pay package agreed, after arbitration, with the Union of Democratic Mineworkers. This follows the NUM's continuing refusal to accept British Coal's terms for pay

The package, worth about 7.5 per cent on basic pay in the first year, means increases of 53.15 a week for underground workers and £7.35 a week for surface

Kendall's appointment is apparently intended to rein-force British Coal's defence of its market after the privatisation of the electricity industry,

its dominant customer. the Government's ambition to ready the coal industry for privatisation shortly after the next general election, should the Conservatives win a fourth successive term of office.

persuaded Mr Robert Malpas, a BP group managing director, to head PowerGen, one of the

represents all the hig informa-

tion technology companies in the UK. "Hacking involves

breaking through some kind of

security procedure, such as a password system, and so is the

exact equivalent of breaking

physical locks or barriers.

Companies lobbying for the new law also want persistent,

but failed, attempts to hack

systems a criminal act.

a new law to deal si with software is not feasible

Anyone responsible for

introducing computer viruses could be prosecuted under both the unauthorised access or criminal damage section of the

If the Government does

where they are sold at prices below the UK market rate.

These so-called parallel imports are thought to be on

Europe and North America took more than two thirds of Britain's medicines exports last year, according to the association. The US was the UK's biggest customer for drugs lest year importing

said Mr Amery.

tral Electricity Generating

Sir Robert Haslam last night said he hoped to be able to hand over to his eventual successor a viable industry able to face the future with confi-

faced "two more very exacting years", he said the major restructuring and reshaping exercise now being vigorously pursued by British Coel should be "largely accomplished" in this period. When Sir Robert was origi-

nally brought in to succeed Sir Ian MacGregor at British Coal in September 1986, he was for-mally required to end the Cor-poration's bottom line losses over the following three years. This still remains Government's official objective but with the Corporation expected to show a £100m loss in the current financial year, there is growing recognition in Whiteall that this will not be possible without a reconstruction of

its huge debt burden, which will this year require interest repayment of nearly \$500m. Such a move, already accepted in principle by Ministers, would have to be authorised by Parliament.

### **Directors** warned of disaster in EC market

By Richard Donkin

THE euphoria among British businesses over plans for a sin-gle European Community mar-ket in 1992 was dealt a severe jolt yesterday when Sir John Hoskyns, director-general of the Institute of Directors, told its annual conference in Lon-don the market would be an economic disaster on present indications.

into computer systems to be judged as criminal offences. Legislation has already been In a critical address at his introduced in France, Ger fifth and final convention as director-general, Sir John Hos-kyns said even if frontiers many, Canada, Australia and most US states to make unauthorised access to computer were opened in time, the com-petitive benefits of the free The computer associations market could be cancelled out

also want a a change in the law to deal with the allocation by overheads. of damages when computer data is lost, changed or removed. Under the existing law on criminal damage the injured party has to prove Problems for the single market had become evident two years ago, said Sir John. He said: "There was growing evidence of confined objectives, protectionism, cynical disredamage to property "of a tangigard of Community rules, ble nature", which computer companies and users claim is dreams of 60s-style social engi-neering, administrative incomtoo vague to cover software. If esty and fraud. We had - and have - the makings of a flasco." they want a new clause written into existing legislation.

Current developments pointed to a major failure, be said. "We could fail to open the frontiers and cripple ourselves with overheads. That would be an economic disaster.' On many of the complex

details of dismantling fron-tiers - tax collection, public health regulations, visa requirements, political asylum, drugs and firearms - the Commission had not yet even made workable proposals for legislation, he said.

Britain appeared to have signed the Single European Act, he said, without reading between the lines of its broad aspirations.

The warning was underlined by Lord Young, the Trade and Industry Secretary, who told the 3,000 delegates: "We have to convince our fellow member states and the Commission that unless we get the balance right as between regulation and the freedom for business to operate then the single mar-ket dream will be lost.

Sir John, meanwhile. claimed confusion between economic cause and conse-quence was at the heart of the Commission's "muddled think-

drugs, last year, importing products worth 2166m, an He described the Council of Sales to the Middle East stood up well, with Iraq and Saudi Arabia remaining large Ministers, the main legislative body, as a "jumbo Cabinet" which never held proper meet-ings and which operated in a purchasers of UK-made phar-maceuticals. secret and incoherent way.

### up new service By Raymond Snoddy

Central Independent Television and Anglia Television will each hold 40 per cent in the new company Television Sales and Marketing Services set up

The move is one of the most dramatic so far in the trend within ITV to create separate profit centres and cut staff overheads before the next franchise round based on competi-

# Rising deficit laps against the White Cliffs

Ralph Atkins visits the port where the economy flows and ebbs with the ferry sailings

AST CLIFF Hotel on Dover's seafront, with its pink paintwork and potted geraniums around the doorway, boasts panoramic views - of Britain's huge trade deficit.

At peak times, up to 170 lor-ries an hour pass by on the A2 London road that spirals over the town's famous white cliffs Today financial markets will be waiting anxiously for January's trade figures to see how many môté Wête coming in than leaving. Located on England's south-

eastern tip, Dover is at the sharp end of the deficit. It is Britain's busiest port in terms of value of imports and exports - and fertile territory for clues about latest trends. There is plenty of circumstantial evidence to suggest the rapid deterioration last year, which saw the UK visible deficit hit £20bn, has not been

From lorry drivers it is clear British industry is under pres-sure. "The stuff I take out is rubbish compared to what I bring back, says Mr Greg Vanhouten, a Gatwick-based manufacturing nation any

Drivers claim the pay rate for importing can be twice that for exporting — although this could reflect a less organised, more competitive UK freight

boys on this sort of work it's unbelievable," said Mr Jim Regan, carrying steel colls to Italy. "I reckon my guv nor is taking stupid money for taking this lot." "You have got so many cow-

Figures compiled by Dover Harbour Board give a broader, but initially confusing, picture. They show that in 1988 roughly the same number of driver-ac-companied lorries left the UK

- about 380,000 each way. Encouragingly this suggests vehicles are not being stockpiled in the UK.

The snag is that about a third of lorries leaving are empty compared with just 2 per cent entering. And there has been a long-running deficit in freight carried.

exported and 5.5m tonnes imported through Dover. Both totals were lower than in 1987 due to the dispute between P&O European Ferries and the

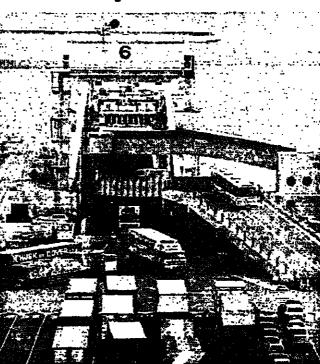
Mr John Mills, freight man-ager for Sealink, says cargo traffic on the company's Dover-Calais route was up 25 per cent in January compared with a year before. This could reflect an increased market share – or strong import growth.

all that does is fill up lorries that are already travelling. But when imports are booming, it means extra lorries," he said. A particularly fast area of growth has been "groupage," combinations of small loads put together by shippers to fill

"That has grown perhaps because it is more economical, or perhaps because we are exporting so little," Mr Mills said dryly.

Some idea of the composition of exports and imports comes from records of freight carried on Sealink sailings between Dover and Calais. An analysis of four sailings in each direction on a typical day in February showed 12 per cent of outward-bound and 2 per cent of lorries coming back

The most common exports, after "groupage," were meat products and textiles closely followed by chemicals, vehicles (assembled or parts) and waste



Dover: the Channel gateway with a growing traffic in deficits

High on the list of imports were car parts, chemicals and foodstuffs including cheese,

Identifying a manufacturing deficit was difficult from the small sample. Imports included video recorders, computer equipment and furniture but appeared to be matched, at least in volume terms, by similar sorts of exports. Again, France exported dog food, while the UK sent out cat food.

Dover's traffic flows are, above all, an indicator of trade with European Community countries. In 1988 this accounted for about 50 per cent of total UK exports and

A rough feel for trends between the remaining countries is given in figures com-P&O Containers showing its estimates of physical volumes flowing to and from other leading trading blocks.

Since the beginning of 1987, both exports and imports have grown strongly.

Over the whole of last year. however, inflows exceed outflows by a large mar-gin - consistent with a large trade deficit. Looking at trading areas,

there has been a striking increase in imports and exports from the Far East.

Arabian Gulf area and Indian sub-continent are also growing rapidly. In contrast, trade between the US and UK has been relatively slow.

Both P&O and Dover's figures cover only visible trade. Invisibles, such as the exports of service industries, had a moderating effect on the current account deficit last year. But from the point of view of Britain's shipping companies. they are, well, invisible

Dover has also witnessed strong growth in total trade, whether imports or exports, with the number of lorries passing through doubling in the last 10 years. Underlying growth has been more or less continuous come economic boom, gloom or massive trade

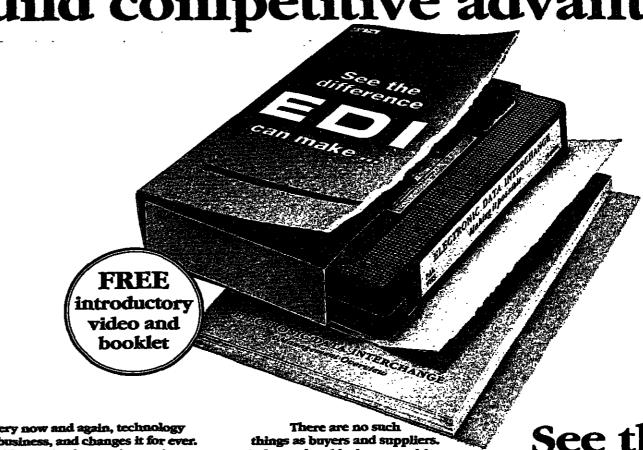
The port's strengths, says Mr Jonathan Sloggett, managing director of Dover Harbour Board, are its position - 73 miles from London and 21 miles from the conti-nent - and its round the clock sailings to Calais and Boulogne.

The frequency of crossings appeals to high-value freight hauliers. "You can treat a ferry service like buses and not an air service. There will always

Like any proud businessman, he boasts of the invest-ment going into Dover to increase capacity and speed up Customs in order to compete with other routes - not least

Growth in UK overseas trade will help Dover to secure a return on its investment. And Mr Sloggett is one businessman unperturbed by the prospect of a large and persistent trade deficit. "We don't care whether it is exports or import traffic. We still carry it," he

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by Mr Dick Emery, Central's marketing and sales director and Mr Tim Wootton, director of marketing and sales at Ang-

lia TV.

Corporate strategy

# BTR Nylex: a record of success breeding success

Chris Sherwell on the upsurge of the UK industrial group's Australian subsidiary

impressive records is maintaining them. Ask Alan Jackson at BTR Nylex. No Australian industrial company has a fiveyear record as striking as his. And the market expects him to improve on it. After all, he set

Back in 1984, when it was still a relatively inconsequen-tial rubber products group called BTR Hopkins, it bad sales of A\$115m, earnings of less than A\$10m, less than A\$100m in assets, a mere 1,300 employees and a market capitalisation of A\$42m.

Just last week, it reported sales for 1988 of A\$3.2bn and profits of A\$315m. With more than A\$4bn in assets, it now has 160 operating units and 27,700 employees. Its market capitalisation of A\$5.4bn ranks it the third largest company in Australia behind BHP, the esources multinational, and

Elders IXL, the brewing group. BTR Nylex, 62.5 per cent owned by BTR of the UK, the industrial conglomerate, and currently providing 40 per cent of its parent's turnover, has grown into a multinational in its own right. Its interests have expanded from Australia and New Zealand to south east Asia, north east Asia, the US and Europe. Notionally the Pacific Rim arm of BTR, under Jackson, the 52-year-old managing director, it appears free to go anywhere, and does so.

Its phenomenal performance has made it the industrial darling of the Australian investment community, along with groups like Pacific Dunlop. Typically, this is attributed to ne factor: Alan Jackson himself. His management techniques have been crucial to the group's success, his enthusiasm for hard work an obvious

inspiration to his colleagues. Two serious concerns are the result: one, that BTR Nylex is a one-man band, its success utterly dependent on its managing director. Two, that it only grows by acquisition notably the Nylex plastics

he trouble with 1987, ACI International in 1988 and Feltrax in 1989. In fact there is more to it

than this. For a start, Jackson had been running the company for seven years before 1984 with little obvious fanfare. And he has been helped by other factors since - like five years of solid economic growth, a special relationship with the parent group, and some good

But five years ago something happened to change things. And that was Nylex. For about A\$85m, Jackson acquired one of Australia's major plastics manufacturers from the ACI group and immediately added some A\$300m in sales.

Many thought the under-performing Nylex was too much trouble to turn around for the price he was paying. To Jack-son it was an easy way to make money, and after some rationalisation the earnings soon came through. For him the prime issue in running Nylex or anything else is not volume or sales, but costs and margins. And he applies these criteria of performance relent-

Nylex did something else too. It helped him acquire 51 per cent of the China General Plastics Corporation group of chemical companies in Talwan. Without access to Nylex's tech-nology, says Jackson, the Tai-wanese Government would not have approved the sale.

Without the Taiwan move. moreover, he says he would not have heard about Borg-Warner, the Australian operations of which he bought in 1987. It was a good fit; as the country's sole manufacturer of automatic and manual vehicle transmissions and of a range of axles, drive line systems and universal joints, it comple-mented BTR Nylex's traditional automotive related busi-

Borg-Warner's chemical business also fitted in with Nylex. The purchase thus helped the group build both an international polymer division and a major engineering operagroup in 1985, a group of Tal-wanese chemical companies in 1986, Borg-Warner Australia in whole industrial sector.

Good fortune helped matters

along. A strong depreciation of the floating Australian dollar helned manufacturers compete against imports and expand exports. The Government's eight-year car plan, which started in 1984, injected predictability into a complex business by promising financial support for a rationalisation which would reduce the number of the promising support of the promising support for a rationalisation. which would reduce the num-ber of local manufacturers from five to three, and the number of models from 13 to six. And the economy grew

Less well appreciated is another change within the group. In 1984 Jackson was appointed to the board of BTR in the UK. The direct contact this allowed with London gave him more latitude. Some even trace the Nylex purchase and subsequent expansion to this fact alone. And as success bred success, it brought the remarkable independence, confidence

and trust he now enjoys.

If Nylex was a quantum leap for Jackson, his A\$1.6bn acquisition of the packaging and building products group ACI last year was even more so. What's more, it did not come out of the blue; he had had his eyes on it since he bought

When I went and saw Owen Green [BTR's chairman] about Nylex, I said: 'Look, from what I've seen, there's about seven Nylexes within ACI if only we can get it.' From that point on I tracked every move ACI made. Every time they did something I upgraded a bal-ance sheet and updated it on our balance sheet to see how it

When the time came at the end of 1987, he was ready. Fol-lowing a pattern similar to the Nylex purchase, he borrowed A\$1bn of the funds from a consortium of banks headed by the Hongkong Bank, National Australia Bank and Security Pacific, made a A\$755m rights issue and A\$630m convertible note issue, sold off A\$15m in unneeded assets and set to work improving the perforince of what remained. The astonishing results were on show in the figures released

last week. Helped by a buoyant domestic economy, ACI con-tributed 74 per cent of the year's increase in profits before interest and tax, and 86 per cent of the increase in sales. Between December 1987 and February 1989, market capitalisation of the group almost quadrupled.

Jackson called ACI the "acquisition of the century" and described 1988 as a "landmark year" for the group. Divi-dends were trebled, and he amounced a one-for-one scrip issue – the group's lifth in succession.

This looks like an impossible pace of expansion to sustain. But Jackson, tongue in cheek, implies otherwise; having achieved a 96 per cent compound annual growth in profit to shareholders over the past seven years, he talks of matching the great cricketer Sir Don Bradman and reaching 100.

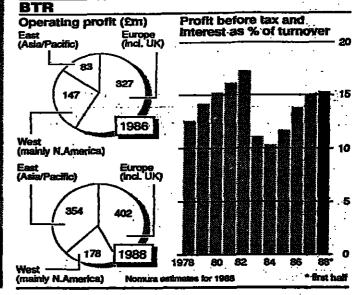
This year he will have a fullyear contribution from ACI (nine months in 1988), where he insists a lot more work is still to be done, and from Fel-trax, the New Zealand-based manufacturing group bought from the now-collapsed Equiti-corp Holdings.

Still, he is acutely sensitive to the accusation that BTR Nylex is a group which grows only by acquisition. Last week he pointed strenuously to the continuing gains being made by existing businesses.

Businesses acquired before 1987, for example, notched up a 38.8 per cent increase in profits before interest and tax on a 12.6 per cent rise in sales. The Borg-Warner groups and the Sanshin trading company in Japan – bought in 1987 – increase on a 33 per cent sales

If Jackson's secret is margins, underlying this is his dis-ciplined system of tough annual profit plans and monthly report-backs from all operations. He studies each minutely, demands explanations when profits are not met, and revises them upwards





when they are.
Cash flow is critical. Each operation has 60 days to get its "sales into the bank", as he puts it. Otherwise the money is lent by head office for 30 days

at 100 per cent interes Each divisional and opera-tional chief knows exactly what is expected of him, has quick access to Jackson and gets speedy decisions.

That is why he "gets mad" at suggestions that BTR Nylex is

a one-man band. "We're a very strongly managed company," he says — and in a hid to prove it, he recently put all his chief executives before a meeting of selected analysts and journalists to explain what they were doing and why.

But he also acknowledges his influence in dictating the way the group is run. A hard taskmaster with a short fuse, he operates by example in a hands-on fashion. "Most chief executives don't

get themselves involved. I do," he says. But how does he cope with the responsibility? "I'm not the worzying type," he says simply. The truth is, though, it is getting increasingly difficult for him to run the group sin-gle-handed.

Further expansion at the recent furious pace can only continue through acquisition. Jackson may rue the fact that people don't understand the work involved in "bedding down" a business, that they

keep demanding more. But even he acknowledges that he regularly "runs the tape measure" over three or four more targets he has in mind. The trend, in short, is likely to go on.

# Still the grand acquisitor

far the higgest one-year buying spree in the British-based industrial conglomerate's history. But in the UK, where less than £10m of the total was spent, on deals too small even to be announced, who noticed?

announced, who noticed?

Until recently, when the significance of the flurry of Australasian activity by BTR. Nylex began to dawn on the City, the UK parent had drifted away from the forefront of many minds, despite its market capitalisation of nearly £60m. The respite from the limelight has not been unwelcome, however. "We have quietly been finding businesses which are contiguous to our main activities," says John Cahill, chief executive since January 1987.

In addition to BTR Nylex's purchases, in

In addition to BTR Nylex's purchases, in December alone the group agreed to pay nearly \$640m (£345m) for the measurement and flow control division of Rockwell International and Schiegel, a US manufacturer of weather seals.

At home, however, BTR's reputation as grand acquisitor — created through its takeovers of Thomas Tilling in 1983 and Dunlop in 1985 — has not recovered from the failure to take over Pilkington in the winter of 1986-87. The episode is widely seen as a watershed, not only in the bull-market wave of hostile mega-hids, but also

bull-market wave of hostile mega-hids, but also in BTR's own strategy.

Never, it claims, an adherent of size for size's sake, BTR has focused even more tightly after Pilkington on a simple formula. "Our skills are in designing products, manufacturing at a low cost, getting to market at the right price and getting paid for it." Cahill says.

Success has been measured in steady margin improvements, in part, according to Cahill, because "we don't see the 1990s as a neriod of

because "we don't see the 1990s as a period of rapid volume growth in any of the industries we service, including automotive."

At the pre-training automative.

At the pre-training automative. BTB sims to increase margins by 1 percentage point a year; it is closing in on pre-Tilling takeover levels.

This has been achieved not only through rigorons planning and reporting procedures, but also by heavy capital expenditure to reduce production costs - £300m of investment in Nevertheless, Charles Pick, conglomerates

Nevertheless, Charles Pick, conglomerates analyst at Nomura Research Institute, says: "Clearly, in the early 1990s, there has to be a margin celling at some stage."

Cahill agrees, up to a point. "Ask me if I can take the margin to 20 per ceut of sales, and I'll say 'definitely, yes'; if you ask, can you take it to 30 per cent, and I'll say 'that'll be tough."

The group's managers are "skilled in buying under-performing companies and turning them into over-performing companies." he says. Few into over-performing companies," he says. Few businesses are ever sold.

businesses are ever sold.

The only major disposals both came from Tilling: Carabill Insurance and the publisher Heinemann. But, even in these cases, Cabill insists: "We didn't sell them. People came along and bought them." Moreover, apparently peripheral operations have been retained.

Pick blass STP to a box constrictor. "It has

Pick likers BTR to a hos constrictor. "It has a big swallow of a victim and then digests it for years, unlike Hanson, which spits out pieces rather more quickly."

Acquisitions are still high on the agenda.
"We're looking all the time in a fairly systematic way," remarks Cahill. "We have a target list of companies worldwide. Every company we have bought, excluding Schlegel, we had had on our target list for many years."

The typical target is profitable and in a mature industry where the price of entry is very high. Asia and the Pacific will continue to

be a priority.

be a priority.

"It never ceases to amaze me," says Sir Owen Green, BTR's chairman, "that UK international companies fail to realise — continue to fail to realise — that it's by far and away the fastest growing area of the world."

At home, however, BTR is restrained not so much by post-Pilkington discretion as by a firm belief that the prices necessary to buy quoted companies are too high. But that will not go on forever, says Cahill. "The opportunity will occur again in the UK and, when it does, we will be ready to move."

Clay Harris

7 143



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But the results that had brought him close to tears would have left other Investment Managers jubilant. Scottish Life has just come second in Money Managements annual survey of Insurance Groups' overall fund performance. No less than 9 out of their 10 funds have beaten their sector average over both one and three years (to 1st January 1989).

For Ruaridh, though, second meant only one thing - not first. After all, this is the group that was Money Management's Insurance Fund Managers of the Year two years ago, whose European Fund came top of all 630 funds<sup>†</sup> available on its third birthday, and that has established a record for consistency envied by other groups. It is claimed that Ruaridh offered to

translate the LAUTRO and FIMBRA rules into Gaelic (which might make them easier to understand) but Scottish Life supremo, Malcolm Murray, said it would be sufficient to do better in 1990 as there was clearly room for improvement.



Ruaridh (pronounced Rory) Budge

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### TELEVISION

# Moving towards state control of expression

If the draft Code of Prac-tice produced by that monstrous infant, the Broadcasting Standards Council, is actually brought into force it will presumably put the kibosh on Equus and Leda And The Swan because sexual activity between humans and animals should never be shown." Jack The Ripper will have to become John The Awfully Violent Criminal because "the use of homely nicknames for notori-ous criminals should be dis-

couraged."

It looks as though Benny
Hill will have to make do with
one or two "angels" instead of
his usual troupe since young woman has been a sta-ple element in farce and light entertainment shows, the con-

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entertainment shows, the convention is becoming increasingly offensive to a growing number of people and should be used sparingly."

Moreover the BBC's excellent Newscound will no longer be allowed to show Mrs Thatcher sending a task force to duff up the Argies in the Falklands because "it is important that characters whom children are likely to admire should behave well and not, for should behave well and not, for instance, resort to violence as the means of resolving differences capable of other solu-

It is, of course, always easy to ridicule codes of taste drawn up by a minority for imposition on the majority; easy because all such codes are, by their nature, ridiculous. One man's meat is another man's poison; my mild little religious joke is your hideous blasphemy; my expression of admiration for female attractiveness is your offensive wolf whistle. This code purses its new-puritan lips, climbs on its high horse, and asserts 'The wolf whistles which in a 1940s film, punctu-ated the progress of a pretty woman down the street and were usually represented as a compliment would nowadays

In discussing the old contindrum about how far television can be blamed for causing violence rather than merely "contributing to the contemporary mood" the BSC says that "in the absence of any clear answer the Council takes the view that a society which takes delight in or gives encourage-ment to cruelty or brutality for its own sake is an ugly society set on a path of self destruc-tion." This, it says, is the prin-ciple kept in mind when drafting the section on violence.

All such codes of taste drawn up by a minority for imposition on the majority are, by their nature, ridiculous: man's meat

another man's poi-

But rather than delighting in or encouraging the real thing, what about the depiction of violence in the mass media? In Japan, where you can buy astoundingly violent adult comics on the street corner, and watch violence on television from morning till night, real violence against women, including rape, is virtually unknown, and the murder rate is way below Britain's. Supposing this code had been in effect on Sunday, what effect would it have had on BBC2's hard, glittering, and very violent drama, about hoo-liganism. The Firm? As it happens I loathe watching vio-lence on television, and see as little of it as possible, yet hon-esty obliges me to admit that if the BBC found the courage to

enter this production for the Prix Italia it would stand a

year-old staging by András Mikó instead. No cause for dis-appointment: the Miko version

is more faithful than any I've

seen to the intentions of the composer - and of his libret-

tist Béla Balázs, whose visual

imagination was later to estab-

the unlocking of seven great doors in Bluebeard's castle -

all his secrets - by his impor-tunate new bride Judith

(because she loves him). We see

what they conceal, just as pre-scribed, only by the different

them (vividly realised here); the music does the rest. Ervin

Lukács conducted an emi-

The entire action consists in

lish him in the cinema.

Not only did it contain a brilliant central performance from Gary Okiman as the hooligan der, Bex. and a multiplicity of other horribly realistic portravals from a big cast, but thanks to Al Hunter's writing and Alan Clarke's direction the whole thing smelled authentic in a way that middle class productions very rarely

when concerned with this sort of milieu. But the draft code says "Too much violence in a production distorts." It says "Rnives have a special sense of horror about them and their use in plays should be restricted as far as dramatically possible." In The Firm we saw Bex's baby his own mouth with his father's Stanley knife.

However, although the docu-ment may be too eager to accept fashionable assump-tions (to "shock" the audience is a bad thing, "stereotype" is a boo word, and so on) there is no denying that the tone is well meaning. The reader is forced to conclude that those who drafted it are awfully nice people, who would like the world to be a nice place, full of nice children, watching nice programmes, and growing up into nice adults. The trouble is that the world is not a nice place, homo sapiens is not a nice species but the most violent ever seen on earth, and no amount of tinkering with the "nine o'clock watershed" on television is going to make one

iota of difference. So does it really matter what this code says? Yes, it does, as anybody who watched the excellent "Bookmark" special on BBC2 last week, Vaclau Havel: A Czech Drama will have realised. This was a beautifully constructed embina. tifully constructed combination of excerpts from Havel's splendid parodies of the bureaucratic world, and interviews with the head censor of the Prague People's Council and other similar figures. The result was both comic and appalling: the Czech censors are sincerely convinced that

audience not only what is good tend that anybody in this counfor the audience, but what the dience really wants.

Britain is not a totalitarian state. So far nobody has suggested "codes" for books, theatres or art galleries -though last week's Signals on Channel 4 showed, with its admirably swift reconstruction of the foetus-earrings case, how the Obscene Publications Act may now be by-passed and the common law used by the authorities to prosecute artists while simultaneously denying

Where television is concerned Thatcher philosophy has been turned on its head: instead of less state intervention, more; instead of wider choice, nar-

rower

them any defence in artistic This case was one of the many items of evidence cited by those attending a seminar on censorship organised by the Writers' Guild in London on Sunday to indicate the speed with which matters are now moving towards state control of expression in Britain. Others included the formation of the BSC, the Government's new rule preventing certain lawful organisations from Northern Ireland being seen and heard on television, the new official secrets legislation, the video-

cassette laws, Clause 28, and the new rules for television. Having said all that, Britain is still not a totalitarian state, and it would be an insult to the towering courage of Havel who was imprisoned for another nine months last week

try faces the same sort of threats (from the British authorities, anyway) that he and his compatriots do. And yet it is important to recognise one similarity: Lord Rees-Mogg and his fellow councillors sin-cerely believe that they know better than the British audience not only what is good for the audience, but what the audience really wants.

That fact shrieks out from the draft code: while publishers and readers, theatres and theatregoers, can be left to make their own arrangements, broadcasters and viewers are not to be trusted. Where television is concerned the entire Thatcher philosophy has to be turned on its head instead of less state intervention, more; instead of wider choice, nar-rower, instead of fewer quan-

rower, instead of fewer quangoes, more; instead of greater
individual responsibility, less.
We were promised that this
week's Media Show on C4
would take the film about the
Profumo affair, Scandal, as the
starting point for an investigation of why this story has
never been properly told on
television. They had a go
(though most effort seemed to
be put into puffing the new
movie) but we never got a
proper answer.

The answer seems to be that in the past the old school tie establishment clammed up and ganged up to ensure that the hoi polloi saw no more than they ought to. Now the Thatcherite establishment, which has little regard for old school ties, is laying down formal rules to ensure that ordinary viewers see no more than they ought

At what point will the Thatcherites, marching down the road towards tighter and tighter state control of expres-sion, meet the Gorbachev band marching in the opposite direction carrying the banner marked "Glasnost"? And what milestone will the BSC code

Christopher Dunkley



# Thoughts From a Very Private Diary

**DONMAR WAREHOUSE** 

What to say about Victor can you say about any marvel-lous storyteller apart from repeating his stories without his flair? For flair he has. Despite the had omens of a

celebrity-studded audience, being plugged on egregious radio programmes with titles like Odds and Sods and Get Knotted, the promise of an evening of show-biz memoirs and Ned Sherrin as director despite all this he is hilarious and totally absorbing.
Unlike most actor-anecdotal-

ists his material is of the best. His stories are both funny and about genuinely interesting people. And Mr Spinetti him-self has been in the right place at the right time with the right people since he first presented "moving nudes" at Mr Chau-dhuri's Irving Theatre Club to an audience of four Chinese

He obviously has the gift of friendship. His subjects range from Joan Littlewood (surprisaffection) to the Beatles (he

was in all their films) via Marlene Dietrich and even the Rolling Stones (he offered a Beecham's powder to a coldstricken Brian Jones and was startled at the use it was put

Gems include the account of a "Pink Panther" premiere party in Gstaad upstaged by the uninvited Burtons to the rage of Peter Sellers; and dining in Paris with Dietrich and his Welsh family including his mother ("What do you put on your face, love?") and rugger-playing brother-in-law ("Fair play, Marleen, you're bloody

wonderful for your age"). Spinetti is wicked about Olivier ("He always thought I was Victor Rietty, actually") whom he makes both funny and touching in the first meeting with John and Yoko Lennon; and brilliantly observant in both his cod-Welsh and cod-French set-pieces, including the feud-riven Paris production

of Jesus Christ Superstar. He can be as fascinating about the obscure, like the little old lady who showed him

round a Roman museum and died of happiness after meeting the Burtons, as he is about

As a performer the eyes have Above a modest imitation of Bob Hope's ski-jump nose, the Spinetti orbs roll and glare. whether as the Sergeant-Major he resurrects from Oh, What a Lovely War! or Salvador Dali. He can evoke the famous with an accent (Tennessee Williams) or vocal mannerism (Tallulah Bankhead) or raised eyebrows and a monosyllable (Bette Davis' "What?").

There are in-references: Theo Cowan and Binkie Beaumont are not perhaps household names. But all who love the absurd, gallant, childish, noble practitioners of mummery will love this show; and anyone who loves a good story will swell the understandably vast ranks of Mr Spinetti's friends and find themselves in distinguished company.

Martin Hoyle

# Hungarian State Opera and Ballet

has travelled widely, it has not reached London until now. The three nights of this flying visit (sponsored by APV plc) display chiefly the ballet troupe, perhaps because there is no full-length Hungarian opera familiar enough to foreigners to make a reliable draw although the company is nowa-days assiduous about staging

new Hungarian works. Things might have been dif-ferent if Bartok's one-act, twocharacter opera of 1911, Duke Bluebeard's Castle, had been ss badly received by its original judges: it had to wait seven years for a performance, and Bartok — a proud and prickly character - never explored the medium again. He liked to think, however, that Bluebeard could make up a good theatri-cal triple-bill with his two oneact ballets. On Monday that was what the Hungarians cave us, and they will repeat it tonight. Clement Crisp dis-cusses the ballets below. We may have heard a little more of the opera company than the programme-book let on: at any rate, somebody sang the disen-bodied choral part - brief and usually omitted, but very tell-

ing - in the Miraculous Mandarin ballet. The Royal Opera still awaits modernisation, and the Hun-

garians apparently found its facilities unequal to their promised new production of Bluebeard (press information lósi an alert, spunky Judith With minimal histrionics, Bartok's haunting fable exerted its has been curiously scanty); they have brought their five-

David Murray

However real our pleasure at welcoming the Hungarian State Ballet to the Opera House, it must be said that Bartók's two dance scores make for an over-generous evening when played with Bla beard. The placing of The Wooden Prince as a buffer Miraculous Mandarin seeks, as usual in presentations of this triple bill, to separate the extreme tensions of the two outer works. But it also reveals that the naivete of this folk-tale and the lack of much dramatic tension in the music are almost insurmountable in the theatre, even when, as here, the score is edited to a length

nently sympathetic performance, if slightly soft-edged: the musical proportions just, the successive vistas luminous, of 40 minutes The Wooden Prince is a nonstarter, and the evening would do greater service to Bartók's the gravest dramatic junctures a mere touch underweight. His singers were similarly apt but theatrical reputation if it were temperate: László Polgar an omitted. The Hungarian stag-ing is traditional in style; in aristocratic and properly saturnine Bluebeard – darkly beautiful tone, short-breathed only in his moving final tribute to 1981, Bartok's centenary year, Festival Ballet did rather better with a production by Geoffall his wives - and the appealing young mezzo Ildikó Komrey Cauley and design by Philip Prowse which treated

the piece as Chinese opera and ravished the eye. The choreog-raphy by Laszlo Seregi is honestly classic in manner, and Gábor Forray's designs are of a giant succulent, which is the Princess's domain, with the corps de ballet in palely decorated leotards as the flowers, trees, waves, who hinder a young prince in his quest for a

I reported on this staging from Paris in 1981: then, as now, it does the decent thing by Bartók's theme of young people discovering the truth about love behind the illusions of appearance. Yet apert from a piety in letting us see Bar-tok's score on stage, it is not calculated to hold our attention. On Monday night the leading performers did not transcend their material to make any extreme impact, though I admired the elegant and seemingly endless line of Regina Balaton as the Fairy who unpredictably guides the

The Miraculous Mandarin. of course, grips musically and does not let go. Decor by Gábor Forray is of a brutal city-scape dominating the Girl's room. The characters are sharply drawn in design - the pimps, whom the programme daintily calls "tramps," are leather-boys – and in Lászió Seregi's

movement. As the Girl it was a great pleasure to see again Ildikó Pongor, a memorable interpreter of the role in the 1981 Paris season. In a part inevitably dominated by clichés of behaviour, she brings a nervous drive to every

it is the reading demanded by the score, as the brutalities of the action beat against the Mandarin's implacable pres-ence (an imposing interpreta-tion by Gábor Keveházi), and the Cirl's passion and compresthe Giri's passion and compas-sion are aroused. Seregi's choreography makes sure theatrical effect from the crudene of manner inevitable in this tale: there is real menace in the pimps' actions, and the irresistible drive of the Mandarin's lust seems, very rightly, to be the motor of the drama. It is the only credible staging of this score that I have seen, and it benefits from the admirably taut and atmospheric account of the score from the Hungarian State Opera orchestra under János Kovács, who were also persuasive advocates for The Wooden Prince.

Clement Crisp

# novement, an automatic sexiness and, with the Mandarin, a fierce sexual response, which give the character depth and

**FESTIVAL HALL** 

It is a pleasure rarer than it used to be to hear a London concert conducted by Riccardo Muti. He appears to have for-saken his old orchestra, the Philharmonia, for the London Philharmonic, who on Monday rewarded him with playing of the highest quality - lines firmly and cleanly drawn, departmental ensemble of expert precision, the carriage and poise of an orchestra balanced with "ears" of superla-

tive sharpness.
One doesn't hear orchestral

work of this calibre in the Fes-tival Hall so often that one can afford to be sniffy about it. Nevertheless, on a musical (as opposed to orchestral) level, if one may draw the distinction, there was something unsatisfying about Monday's concert. It was a Brahms programme -the Academic Festival Overture

and Violin Concerto before the interval, the Second Symphony

purpose there was something crucially stolid at the heart of



NOVA Corporation of Alberta announces the appointment of Mr. Abstrait Morton to NOVA's board of

Mr. Morton's bright Co-chairman of Eurotunnel, the company building the Channel Tannel between England and France. Eurotunnel has a 55-year con-cession from the British and Franch governments. Mr. Motton is a former menaging director of British National Oil Corporation and former chairman and chief executive of Guinness Peat Group, an international financial services group. "

He is also a non-executive director of Banque Nationale de Paris ple and a nonexecutive director designate of Nazional Power, which is being formed to take over the larger part of electricity generation in England and Wales after its forthcom-NOVA is a major shareholder-owned

energy company operating interna-tionally with world headquarters in Calgary, Alberta, Canada NOVAb ses cover petrochemicals, pipelines, petroleum, plus related



### **ARTS GUIDE**

A Walk in the Woods (Comedy).

THEATRE

A Walk in the Woods (Comedy).

Alec Guinness and Edward

Herrmann in feeble off-duty arms
negotiation encounter by Lee
Blessing, Guinness, back on the
London stage after 10 years, is
in subtle virtuoso form as the
Soviet veteran of tactical stonewalling and no dealing tricks walling and no dealing tricks (\$30 2578, cc 839 1438). The Secret Rapture (Lyttelton). Brilliant new David Hare piece for the National Theatre, a sattrical but moving romance on life, love and family politics in Thatcher's Britain. The play of the year, March 9-15, March 25, 27 (292 2252, cc 240 7200). the year, march 5-16, march 25, 27 (928 2252, cc 240 7200). The Shanghraum (Olivier). Recommended Christmas treat, as Boucicault's melodrama is given the full scenic works but is also revealed as a key Irish dramatic milestone. Fine National Theatre milestone. Fine National Theatre cast led by Stephen Res. (528 2252). March 1-4. Brigadom (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less fall than expected. (524 1317, cr. 338 2428) (834 1317, ec 836 2428). The Vortex (Garrick). Maria Aitken and Rupert Everett in bril-liant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. Mannered, mother ination. Manneted, excessive, beautifully costumed. (379 6107, cc 741 9999).

Heddia Gabler (Olivier). Juliet Stevenson is energetically wilful in fine National revival using a new Christopher Hampton

a new Christopher translation. A full-scale, monu-mental reading, with European design to match by Bob Crowley. Howard Davies directs, Norman Rodway is Judge Brack. Perfor-

mances in late March (928 2252).

The Sneeze (Aldwych). Eight short Chekhov pieces — four vandevilles, four early stories — translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly rewarding, intermittently funny (836 6404, cc 379 6233).

Mrs Klein (Apollo). Intriguing chat among the child psychoanalysts in Nicholas Wright's hit transfer from the National. Fizzling performances from Gillian mances in late March (928 2352).

ing performances from Gillian Wanamaker (437 2663, cc 379 4444).
The World According to Mel (Playhouse) Jackie Mason, Jewish stand-up comic who revives the near lost arts of scathingly satirical monologue and vaudesaintain timing to the London stage for a limited season. Funny and irreversent. (539 4401) Orpheus Descending (Haymar-ket). Triumphant debut for the

Peter Hall Company with Vanessa Redgrave candescently sensual and Italianate in atmo-spheric restoration of Tennessa Williams's last indisputably major play (930 9632). Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckhourn comedy of future shock and strained marriage. A tale of obsession, devo-tion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9967, cc

Rotterdam

Evita (Doelen). Original Broadway production with Florence Lacey. (Wed, Thur). (412 2490).

**New York** 

Rumours (Broadhurst), Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mug-ging but hollow humour that misses as often as it hits. Chris-tine Baranski leads an ebulhent cast in the inevitable but disappointing hit. Cats (Winter Garden). Still a sell-out, Trevor Nunn's produc-tion of T.S. Eliot's children's

poetry set to music is visually startling (239 6262). A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-stage story in which songs are used as auditions rather than

emotions (239 5200). Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway sons in pageantry and drama (239 6200). Me and My Girl (Marquis). Even

if the plot turns on ironic mim-icry of Pygmallon, this is no clas-sic, with forgettable songs and dated leadenness in a stage full of characters. It has proved to be a durable hit (947 0033). M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from London (239 6200).

Washington

Steel Magnolias (Kennedy Center Eisenhower), Barbara Rush and June Lockhart star in this view of Southern life through the antics in a hairdressing salon. antics in a narraressing saiot.
Ends April 2 (254 3670).
Beggar's Opera (Folger). This eighteenth century view of London low life by John Gay gets inspiration from its Globe Theatre setting. Ends April 9 (546 400).

Chicago

The Enormous Room (Next Thea-tre). John Carlile directs his own adaptation of the e.e. cummings novel about internment in the First World War. Ends Mar 26

(475 1875).

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000). Steel Magnolias (Royal George).

Ann Francis and Marcia Rodd play the leads in this view of southern life in a busy hairdre ing establishment (988 9000).

Tokyo

Kabuki. Kabuki-za (541 3131). The matinee performance at 11.30am features four works, including a recent showpiece, Genji Monogatari, a tale of the

February 24-March 2 Genji clan. The final play in the

Genji clan. The final play in the evening performance at 4pm is Megumi no Kenku (The Fight with the M Brigade), which features a spectacular and amusing fight between firemen and sumo wrestlers and stars Once Kikugoro VII, for whose great-grandfather the play was written. Tickets are available for a single act and the theatre provides informative English-language programmes and commentary.

tive English-language pro-grammes and commentary. Bunraku. National Theatre; The World of Chikamatsu. Chika-matsu Monzaemon (1653-1724) is often described as the Shake-speare of Japan; he wrote primar-ily for the bunraku puppet thea-tre. At 11am: Horikawa Nami no Tsuaumi (The Echo of a Drum near the Hori River), by Chika-matsu. At Spm and 6pm: plays by Chikamatsu Hai and Yoshida Kanshi (265 7411).

Beneath the Blooming Cherry Trees, Written and directed by Hideki Noda. Seinenkan Hall. Japan's liveliest fringe company, Yume no Yuminsha, is wildly popular among young Japanese and has now built up a substantial international reputation fol-lowing performances at the Edin burgh and New York Festivals (496 1051). How to Sleep in Space, Pro-

logue. Kinokuniya Hall, Shinjuku. Popular fringe company Daisan Butai in a revival of a 1981 production set in a nuclear shelter. The survivors take turns in revealing the corruption of their lives (354 0141). Asinamali, Space Part 3, Shihamaman. Space Fart 3, Sin-buya. Anti-Apartheld musical, in English by the Committed Artists group from South Africa. The title means "We have no money", but its meaning is "We have suffered enough" (477 5858). after it.
Muti's Brahms, with all its

expertise, lacks a central element of warmth, vigour, and genuine symphonic momentum. It was hard to pinpoint exactly why a Second Symphony of such finesse should prove so unstirring, but the conductor's way of smoothing out rhythms and homogenizing orchestral blend seemed to me to have most to do with it. The argument of each movement didn't grow and build upon a basis of vital rhythmic energy; there was no real ruggedness of sound. For all its superior

this performance. A similar process (or, properly speaking, non-process) seemed to be at work in the

the concerto: such finely drawn lines, so little dance-like vitality in the 3/4 of the finale! The soloist was Kyung-Wha Chung, as ever powerfully intense and dramatic, with a punchy attack on the patterns of the finale that the orchestra might with profit have emu-

orchestral accompaniment to

In general, I find Miss Chung's unremitting high-tension-wire approach to Brahms and the unvarying nervous throb of her Juilliard-schooled vibrato very wearying (and particularly since her intona-tion in high phrases was apt to suffer under pressure). She never seems to breathe with the music - it is all rendered angular, upfront, late-20th-century, and terribly charmless.

Max Loppert

### **SALEROOM** Mappa Mundi reprieved

Hereford Cathedral announced yesterday that he has with-drawn plans to sell the 13th century map, one of the great-est of our cathedral treasures, at Sotheby's in June. He is still considering alternative propos-als, which will lead to the map being displayed more clearly, and more commercially, on a new site close by the cathedral. Hereford may not get as much money as it would from an auction, but it has avoided an unholy row and kept its integ-

rity. Christie's gave the metal detector industry a boost yes-terday by including in its coin sale numerous coins unearthed recently by treasure hunters using detectors. A penny of the early 9th century bearing a portrait of Archbishop Wulfred of Canterbury sold to the Canadian collector Roy Cole for 17,150. Only one other example of this coin, which was found in the Chilterns, is known (it is in the British Museum) but it is not in such a good condition. The Pinchbeck Hoard, 76 gold nobles from the reigns of Edward III and Richard II, unearthed in Lincolnshire. made £52,591. The discoverer first offered the coins to the BM which acquired 23 examples. A silver groat of Edward

I, from Norwich, went for

The Mappa Mundi has been saved from the indignity of a public auction. The Dean of hams from Christie's with the hams from Christie's with the aim of building up sales in the his sector, contemporary ceramics, to £250,000 in two years. He almost reached his target with his first auction in night did even better with a sale which totalled a record £246,196, with 8 per cent unsold.

Top price, not surprisingly, was the £22,000, double the estimate, paid for a black pot made by Hans Coper around 1962 while a tall slender-necked matt white stoneware vase by Lucie Rie also far exceeded forecast, at £14,300. There was a large group of pots by John Ward and two set a new auction record for him of £1,320. Christie's South Kensington

yesterday was awash with shoes: it was disposing of a large collection of historic footwear. The top price was the £3,850, as against a top estimate of £150, paid for a pair of ladies button boots of the 1880s, with four inch heels and decorated with gilt leather, a touching survivor from La Belle Epoque. A pair of red morocco shoes of around 1790 were below target at £792. A nightshirt reputedly worn

by King Charles I just managed its low estimate of £1,100.

**Antony Thorncroft** 

### FINANCIAL TIMES

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Wednesday March 1 1989

# **Political crisis** in Sudan

AS THE political crisis deepens in Sudan, it looks increasingly doubtful whether Margaret Thatcher, the British Prime Minister, will be able to include the country on the itinerary of her Easter visit to Africa, as planned at present. Last week, following the resignation of the Sudanese

Defence Minister, 150 senior officers issued an ultimatum to the Prime Minister, Mr Sadiq al-Mahdi, giving him one week in which to reshuffle his government and make a deci move towards peace with the rebels in the south. This week, as the ultimatum expired, Mr al-Mahdi replied with one of his own, threatening to resign next Sunday unless the armed forces gave him a free hand to . . . form a new government and work for peace in the

Observers have been in some doubt whether to describe this as acceptance or rejection of the army's terms. In fact Mr al-Mahdi has moved with some tactical skill to divide the officers. Although he was at one point presented with a list of 21 demands, he found out at the end of last week that most of the officers were committed to only two of these: the reincor-poration of the Democratic Unionist Party, which left the government in December, and an end to the war in the south. The two are closely connected, because the DUP's main reason for leaving the government was its disillusionment at Mr al-Mahdi's refusal to seek parhamentary endorsement for a peace agreement with the rebels which DUP leaders had

### Some objection

Although Mr al-Mahdi had been consulted about the terms of the agreement, he objected to some of them: notably the requirements that the government should lift the state of emergency before the ceasef was implemented, and should abrogate its "unity" agreement with Libya before a conference to settle the constitutional issues could be held.

He was also reluctant to override opposition from his other coalition partner, the National Islamic Front, which strongly objects to another point in the agreement, the freezing of the imposition of

Mr al-Mahdi himself, great-grandson of the famous 19th-century Mahdi, has generally impressed Western visitors with his eloquent exposition of an enlightened, democratic interpretation of Islam. He strongly opposed the dictator-ship of President Nimeiri and, in particular, the "September laws" with their harsh Islamic punishments, including amoutation. His own government has been kept afloat by big injections of Western and Arab aid, now amounting to half of its current expenditure.

### No decisive action

But the September laws, although not currently enforced remain on the statute book. Despite repeated pleas from friends both inside and outside the country, Mr al-Mahdi has not taken the decisive actions that would have been necessary to reunite the country; and when the DUP offered him what appeared a real chance for peace, he failed to grasp it. As a result the war, with its appalling conse-quences of famine as well as loodshed, goes on. Mr al-Mahdi's attitude is

partly explained by his deep suspicion of Egyptian interference. It was against Egyptian rule that his great-grandfather rose in revolt, and in more recent times Egypt gave extensive support to the Nimelri regime. The Khatmiya Sufi order, represented by the DUP and also by many senior officers in the armed forces, is traditionally pro-Egyptian, and it is not unreasonable to see Egyptian influence behind the latest moves. Mr al-Mahdi is also anxious to preserve parliamentary government and not to let himself be dictated to by

the armed forces. The army for its part has little appetite for another coup which could easily precipitate a bloodbath, since Mr al-Mahdi has 20,000 armed supporters close to the capital. Such a conflict could quickly become internationalised, with Libyan forces intervening on one side and Rgyptian on the other. Both sides have an overriding responsibility to avoid that. But on Mr al-Mahdi's side that can only mean that this time his effort to reach reconciliation with the DUP, and with

# Standards in **UK schools**

THE LATEST report from Her Majesty's Inspectorate makes some valuable and timely comments on education policy, but it fails to shed as much light as it should on standards in Britsh schools. The inspectorate's failure to provide even rudimentary statistics, despite visiting 50 per cent of state secondary schools, and its rather woolly language together represent severe shortcomings. If they are not put right in subsequent reports, it will be diffi-cult to judge the success or failure of government policies. Such a state of affairs may suit politicians, but it will not help parents or children.
On policy, the report rightly

stresses that an adequate supply of suitably qualified and motivated teachers is a precondition for the success of the recent reforms. Yet this is pre-cisely the area where government policy looks least con-vincing. Over the next decade, competition for able graduates is going to intensify, yet there seems little chance that state schools will have the financial clout to compete effectively for staff. In the circumstances, the inspectorate fears that a "never mind the quality, feel the width" attitude will prevail. Yet if British schools are forced to recruit low calibre teachers, as they did with disastrous consequences in the 1960s, standards will not rise. regardless of the number of directives issued in Whitehall.

### Serious shortages

The present position is not encouraging. The report notes that recruitment in London and the south-east is an "evergrowing" problem; some schools are already worryingly dependent on temporary and probationary staff. There are serious shortages of maths, science, craft and modern lan-guages teachers. Even where there is no shortage as such, teachers frequently lack the

relevant qualifications.
Shortages will affect the implementation of the national curriculum at all ages. But problems are especially acute in primary schools, which are "critically short of teachers with expertise in science, tech-nology and maths." The inspectorate argues that many hun- more precise assessment of dreds of small primary schools school standards.

"have little scope to do more or other than what they do now." Yet ministers are blithely assuming that radical changes in the curriculum and ambitious testing and assessment techniques can be introduced. At first glance, the inspector

ate's comments on standards in British schools are reassuring. Parents will be pleased to bear that most of the work seen was judged "satisfactory or better," that the attitudes behaviour and motivation of the "substantial majority" of pupils was good, and that most schools are "orderly communities" in which good standards of discipline prevail. But if British schools are so like their Japanese counterparts, what is all the fuss about?

### **Paradoxical**

The problem is that the report provides no guide to its linguistic conventions. The reader is not told what the satisfactory rating means. It seems paradoxical, for example, to say that basic standards in maths are satisfactory in primary schools when the inspectorate is also bewailing a critical shortage of competent maths teachers. It seems equally strange to assert that the quality of sixth-form work is generally satisfactory when, in more than half the lessons observed in recent years, "students played little active part and were too rarely stimulated or stretched by scholarly and challenging work."

There must be a suspicion that what the inspectorate deems satisfactory would be dubbed poor by non-education-alists. The inspectors ought to give objective information about standards and indicate how these compare with achievements abroad.

The comments about behav-

iour and discipline are equally confusing. Few parents are likely to recognise the claim that most state schools are orderly communities. In any case, how is this comment to be interpreted when the inspectorate, in the very next line, raises doubts about attendance rates, arguing that they are a cause for serious concern in some areas? The public deserves a better written and

### Michael Holman on the prospects for reviving Nigeria's faltering economy

ne of Africa's grandest white elephants is taking shape in Nigeria's Kwara State. The Ajaokuta steel plant lies beside the River Niger and has so far cost \$3bn (£1.7bn). It is still incomplete and a further \$1bn is needed to finish the first phase, now years behind schedule. If and when it is ever complete the scheme will. in is ever complete the scheme will, in the words of a confidential government report drawn up in 1984, be "uneconomic and will incur recurrent losses to the end of the century."

It is an appropriate symbol for a nation that likes to see itself as the giant of Africa, but is today enervated. The heady days when Nigeria's planners envisaged a technological lean into the 21st contury granding leap into the 21st century, spending lavishly on strategic industries, are

The legacy will burden Nigeria for decades: a steel sector that will be a net consumer of foreign exchange; petrochemical plants that operate at a fraction of capacity, and are unlikely to be competitive on world markets; a telecommunication investment of at least \$5bn which has yet to produce an efficient domestic or international service; and prestige projects, such as the multi-billion new capital at Abuja. It is a legacy that also raises ques-tions for the West. There is hardly a tions for the west. There is narray a single trading partner which has not played a role, protected and encour-aged by their governments' export cover facilities, in one or more of the many white elephants

Supplier competition for lucrative contracts has often obscured broader assessment of whether a project is necessary or well planned. Even today that rivalry is at work, standing in the way of realistic appraisals – part of the work on Ajaokuta continues to receive cover from Coface, the French export credit agency — or preventing a tougher Western government response to Nigerian policy shortcomings for fear of prejudicing contract opportunities which are in the pipe-

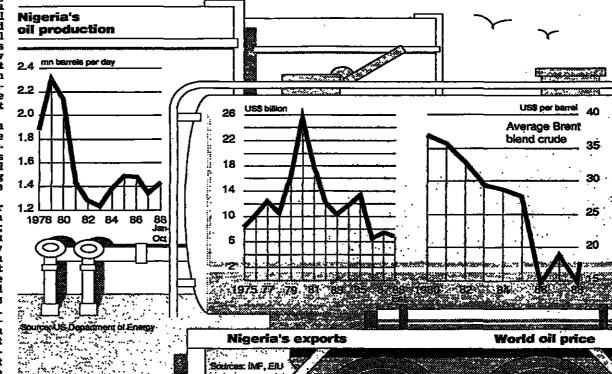
More than \$100bn was earned during the oil boom years of the 1970s and early 1980s. Much was spent on ill-conceived and badly managed projects, often spurred on by overseas contractors. Some of the money created almost overnight an élite of Nigerian millionaires, enriched by kickbacks and patronage. Some of the money was better spent - on a national road network.

But the balance sheet is overwhelmingly negative. Today Nigeria is fettered by an external debt approaching \$30bn. By 1987, annual per capita income had fallen to \$370, making the country eligible for concessionary aid. An annual 3 per cent plus population increase has outstripped real GDP growth, and a demoralised, inefficient civil service has proved incapable of managing the growing crisis.

On paper a long-term solution exists. A structural adjustment programme, heavily underwritten by the gramme, heavily underwritten by the World Bank and endorsed by the International Monetary Fund, has been in place since mid-1986. But it faitered last year — perhaps irrecoverably — as the Government introduced a reflationary budget. Inflation is now running at over 50 per cent and the official, ostensibly market-de-termined exchange rate of a little over mined by a black market rate of around 10 naira.

What amounts to an international rescue operation led by Britain is getting under way, marked by a personal letter of support from Mrs Margaret Thatcher, the British Prime Minister, to Mr Ibrahim Babangida, the embat-tled Nigerian President, and meetings between Mr Nigel Lawson, the Chancellor of the Exchequer, and senior Nigerian finance officials. Encouraged by this year's Nigerian

budget which attempts to put the



# The strains on an enfeebled giant

adjustment programme back on track. Whitehall organised a donors meeting in January which piedged \$600m to help close the 1989 financing gap.

After a lapse of a year, the IMF re-endorsed the government's policy, paving the way for a request to private creditors to reschedule government government government.

ment-guaranteed debt. The omens, however, are not good. The IMF agreement, subject to review in April, specifically calls for a genuine market determined exchange rate. It has been effectively broken already. Many creditors are alarmed by Nigeria's failure to meet terms of the last rescheduling (arrears for the period mid-1987 to end-1988 total

\$380m) and angered by preferential treatment of Britain and France. Nor is raising new money the only problem. If the adjustment pro-gramme is to be sustained, President Babangida has to administer a further dose of austerity measures to the long-suffering Nigerian people—notably increases in electricity tariffs and further cuts in the subsidy of domestic fuel.

was very different: the oil boom in the 1970s created economic and political muscle which Lagos did not hesitate to flex. Nigeria was a pivotal member of Opec, producing over 2m barrels of oil a day and earning \$260n in 1980. That year marked the peak of the country's fortunes. When a Nigerian oil minister hinted at price changes, or promised a "cent for cent" response to Britain's pricing of North Sea oil, the oil world followed avidly. From being a modest market which depended on agricultural exports for

the bulk of foreign exchange earnings, Nigeria became a multi-billion pound customer, with imports reaching nearly \$22bn in 1981. From Britain alone, Nigeria bought more than £1bn worth of goods and services, while Western investment was reckoned to exceed £5hn.

On the political stage, Nigeria exercised significant influence. It played a role in disputes in Angola and Rhodesia, nationalising BP in 1979 as an expression of displeasure over British failure to dislodge Ian Smith.

Today the realities are very different. Nigeria is no longer an influential

Relations with all Nigeria's trading partners have been deeply scarred

oil producer - it now needs the protection Opec provides. Under investboom years has taken its toll. If Iraq triggered a production war, Nigeria would be hard pressed to compete. Industry experts put current capacity at barely 1.6m bpd — well below the January 1979 production peak of 2.44m bpd. Nigeria's state-owned oil corporation is so strapped for cash it cannot meet its commitment to new exploration and development, which it should share with its foreign operating partners.

Nigeria as an export market has shrunk. Britain sells twice as much to

South Africa as it does to Nigeria - and South Africa accounts for less than 2 per cent of Britain's exports. Nigeria's total imports came to \$5.6bn last year. Imports from the UK were under £500m. Western investment outside the oil sector - has been writ-ten down to a nominal amount.

Relations with all the trading partners have been deeply scarred by the saga of trade arrears which built up in the 1980s. After years of negotiations, part of the arrears (the validity of claims worth \$2-3bn were rejected by the Central Bank of Nigeria) were covered by promissory notes with a face value of \$4.8bn. They have already been rescheduled, and currently have a market value of one

On the political front, whether in Africa or internationally, Nigeria now plays a comparatively small role. It has had little or no impact on developments in neighbouring Chad. Lagos had no significant part in the recent Angola Namibia settlement. And the companies would have to choose between the then-lucrative Nigerian market and South Africa are long

Nigeria has yet to adapt to a new reality. The government's attitude to foreign investment or IMF conditionality seems still rooted in the era of the oil boom, when the naira was almost at parity with the pound and the government boasted of economic

sovereignty.

Recent much-vaunted improve-

marginal. The government still refuses to borrow from the IMF and has missed – at least until 1998 – the has missed — at least until 1998 — the opportunity to negotiate a loan under the fund's ertended structural adjustment facility, which offers long-term loans on highly concessional terms.

But ft can also be argued that the West has not adequately responded to the new reality, inhibited in its advice by a combination of political and commencial considerations.

mercial considerations.

President: Babangida's bloodless' coup in August 1985 was widely and warmly welcomed. It was clear that he would take the IMF medicine, and keep Nigeria in the Western camp. But he was also seen as the last bulwark between a conservative eco-nomic and political programme and younger officers who might adopt rad-

He is still seen in this light today. There is a school of thought in West-ern embassies that to be more forthright about the government's policy shortcomings would simply add to the problems of a man already under

severe pressures.

Religious tensions between the predominately Moslem north and the largely Christian south, falling living. largely Christian south, falling hyme-standards and the intense politicking that is accompanying the phased-return to civilian rule, due to culmi-nate in presidential elections in 1932, add to the President's burdens. It was this attitude which halped determine the kid-glove, optimistic

response of some influential diplomats in Lagos to the 1988 budget, which the government belatedly

which the government belatedly recognised as disastrous.

A similar exercise is again under way—although many more members of the diplomatic and donor community in Lagos are this time more sceptical. Efforts are made, for example, to withhold details of arrears, or defend an exchange rate policy patently at odds with the IMF agreement.

A further strand in Western policy lies in the vested interest of the World Bank—Nigeria's largest donor—and

Bank - Nigeria's largest donor - and the IMF. Should the structural adjustment programme collapse, whether due to shortcomings in the adminis-tration or flaws in the policy itself, the repercussions would be considerable. At the very least it would reinforce the widespread doubts in Africa about the merits of the reform medi-

Hence the upbeat appraisal of the Nigerian economy, delivered to the January donor meeting by a senior official of the World Bank, is treated with caution by many economists in

agos.
The third factor is a different type of vested interest: the fear in several embassies that a harsher appraisal of the Nigerian economy would preju-dice bids from their nationals for multi-million contracts in the lucra-

multi-million contracts in the incra-tive oil and gas sector.

It is open to question whether this strategy serves either Nigeria's inter-ests, or the longer term interests of the West, which lie in the successful implementation of adjustment.

It is now unanimously agreed that the 1988 budget knocked the pro-gramme off course. Would Nigeria be better off today if a tougher, more

better off today if a tougher, more public appraisal had been made at the time, which in turn might have response from the government? It may well be that the cautious

supportive and self-interested strategy of the West and the big leading insti-tutions will pay off, and Nigeria will resume its laborious climb to recov-

But there must also be a chance that the giant is enfeebled for many years to come, strained by the demands of a population that will increase from an estimated 115m to 280m by the year 2015, and still living with the legacy of Ajaokuta.

e dominal y Security

### Competition for Liesner

■ Hans Liesner - known for years as Mr Competition Policy - is to become a deputy chairman of the Monopolies and Mergers Commission when he retires from the Department of Trade and Industry (DTI)

at the end of the month.

Officially it is a half-time job, but since last year was the MMC's busiest ever and there is no sign of letting up, Liesner is talking about three-quarter time. "At least I will no longer have to take work home at weekends, as now," he says. He will also be able to accept non-executive directorships, though would have to step down if the com-pany became involved in refer-

ences to the MMC. Liesner was originally an academic, first at the London School of Economics, then at Cambridge. He moved to the Treasury in 1970. He has been deputy secretary and chief eco-nomic adviser at the DTI since 1976, the period when it was also the Department of Prices and Consumer Protection under Roy Hattersley. That was when Liesner started producing green papers on competition policy and restrictive trade practices. His expertise in the field is undisputed even if, as he would be the first to admit, competition policy is still less than perfect. Liesper is 60 on March 30. He will join the MMC as an ordinary member and become one of the three deputy chair-

Watching Tower There is a potential defector in the Democratic camp who might yet vote for the nomination of John Tower as US
Defence Secretary. He is Senator Charles Robb of Virginia.
The official reason is that Robb, a popular former governor of Virginia, believes in

men in the autumn in succes-

sion to Richard Smethurst, who is returning to Oxford.



executive power and the right of the President to choose his own Cabinet. But there is a

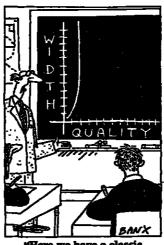
hit more to it.
Last year Robb fought a bitter Senate election campaign against a Republican opponent who accused him of attending cocaine parties in the Virginia beach area. Robb disputed the allegations as rumour-monger-ing, declined his opponent's invitation to take a drug test,

and won easily. He says now that there is an element of trial by rumour in the campaign against Tower. Like several other Senators, he objects to the "moral McCarthyism" which has erupted in Washington ever since the exposure of Senator Gary Hart's sexual misdemean

ours in the US press. There may also be an element of self-interest. Robb is regarded as a near-certainty to run for the Democratic pres idential nomination, either idential nomination, either in 1992 or 1996. If he wants to prevent the future resurgence of the old Virginia beach allegations, he could use a vote for Tower as a vote for privacy. Better still, he could make an early break with Senator Sam Nunr of Georgia, who has led the attack on Tower and is a possible Democratic presidential rival.

There is a more down-to-earth explanation as well. Robb is married to Lynda Bird Johnson, daughter of President Lyndon Johnson who was succeeded in his Texas Senate seat in 1961 by John Tower. Texas ties run

New Mr Coal ■ David Kendall is the second senior figure from BP to land a top job in a state industry on the road to privatisation. Last summer Cecil Parkinson, the Energy Secretary, appointed Bob Malpas, a BP



"Here we have a classic Baker learning curve."

managing director, as chairman-designate of Power-Gen, one of the successor companies of the Central Electricity Gen-erating Board. The intention was to inject some of BP's com-petitiveness into a monopoly.
Parkinson evidently has similar hopes of Kendall, who was named yesterday as joint full-time deputy chairman of British Coal. The Corporation is preparing for some inner is preparing for some tough negotiations on its power sta-tion business. Kendall, 53, left BP in December after 25 years' ser-

vice, most recently as manag-ing director and chief executive of BP Oil UK. He was a candidate for the chief executive post at the National Health Service. At British Coal, he will work under Sir Robert Haslam, the chairman, who was yesterday reappointed to serve until the end of next

year. Since the Government is more or less committed to sell-ing the coal industry if it wins a fourth term, Kendall thus becomes a strong contender to succeed Haslam in spearheading what Parkinson has

called "the ultimate privatisa-tion".

Tory betting

■ There has been very little betting at Ladbrokes of late on who will succeed Margaret Thatcher as leader of the Conservative Party, although someone put £100 on John Major at 8-1 last week. So Ron Pollard, who looks after these

matters, yesterday drew up a new book. Sir Geoffrey Howe is the favourite at 3-1, followed by and Cecil Parkinson are joint third at 6-1. Then come George Younger, the Defence Secretary who would probably have to renounce a peerage to stay in the running, and Kenneth Clarke, the Health Secretary,

at 8-1. Chancellor Lawson is quoted at 10-1, along with the outsider, but almost certain candidate, Michael Heseltine. Peter Walker, the Welsh Secretary, is at 12-1. Anyone else will be quoted at 20-1 or above.

Readers may notice some omissions. Douglas Hurd, the Home Secretary, is surely worth a bet at (say) 15-1. And which a be at least whom I have always thought might actually win is Tom King, the Northern Ireland Secretary. He has three assets. Nobody has anything much against him. Unlike his predecessors, he has not wimped about his Ulster post-ing and would be happy enough to stay where he is beyond the next reshuffle. Thirdly, the Toxy electoral sys-tem favours a compromise can-didate winning on the third

Pollard says that, if asked, he will quote King at 83-1. Sounds like a good bet.

Usual story ■ A lady who was stopped by the police for driving errati-cally said: "I know, officer, I'm sorry. I just washed the car a couple of hours ago, and I can't do anything with it."

NOTICE OF REDEMPTION

TOKYU LAND CORPORATION U.S. \$40,000,000 7%% Convertible Bonds 1996

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(C) of the Bonds, Tokyu Land Corporation, (the "Company") has elected to exercise its right to, and shall, redeem on 31st March, 1989, all of the outstanding Bonds at a Redemption Price of 101.5% of their principal amount together with accrued interest to such date of redemption. Payment of the redemption price will be made on and after surrender of the Bonds, together with all coupons appertaining thereto maturing on or after 31st March, 1989, at any of the following Paying Agents:

The Mitsui Trust and Banking Company, Limited 6 Broadgate Street, 5th Floor, London EC2M 2TB The Sumitomo Trust and Banking Company, Limited 62-63 Threadneedle Street, London EC2R 8BR

The Mitsubishi Trust and Banking Corporation 24 Lombard St., London 3V9AJ

Morgan Guaranty Trust Company of New York Avenue des Arts 35, 1040 Brussels Avenue des Arts 35, 1040 Brussels
The Long-Term Credit Bank of Japan (Europe), S.A.
Boulevard du Regent 40, B-1000 Brussels
Berliner Handels-und Frankfurter Bank
Bockenheimer Landstrasse 10, D-6000 Frankfurt 1

Banque Paribas 3 Rue d'Antin, 75002 Paris

Union Bank of Switzerland Bahnhoistrasse 45, 8021 Zurich Banque Générale du Luxembourg S.A. 14 Rue Aidringen, 27 Avenue Monterey, Luxembourg The Mitsui Bank, Limited Hong Leong Building, No. 16 Raffles Quay, Singapore

From and after 31st March 1989, interest on the Bonds will cease

From and after 31st March 1989, interest on the Bonds will cease to accrue.

The aggregate principal amount of Bonds outstanding as of 13th February, 1989 was U.S. \$545,000.00. Prior to 31st March, 1989, the Bonds may be converted into shares of Common Stock of the Company at the conversion price (with Bonds taken at their principal amount translated into Japanese Yen at the rate of \$208.70 equals U.S. \$1) of \$280.60 per share of Common Stock. Each Bondbolder who wishes to convert his Bonds should deposit his Bonds, together with all unmatured coupons, with any of the Conversion Agents being the same as the Paying Agents specified above, accompanied by a notice of conversion (the form of which notice is available from any of the Conversion Agents). SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL BONDS AT THE CLOSE OF BUSINESS ON 31st MARCH, 1989.

For the information of the Bondbolders, the reported closing price of the Common Stock of the Company on the Tokyo Stock Exchange on 13th February, 1989 was \$1500. The selling price for U.S. Dollars of telegraphic transfer against the Yen vis-a-vis customer quoted by, a leading authorized foreign exchange bank in Tokyo on 13th February, 1989 was U.S. \$1 equals \$129.50.

The Industrial Bank of Japan Trust Company on behalf of

Dated: 1st March, 1989

TOKYU LAND CORPORATION

Lord Benson argues that proposed legal reforms in England and Wales will cause irreparable damage

# A sacrifice to competition

proposed in the green papers on legal reform are based on the political dogma that competition must be advantageous. This can be a laudable objective, but, if imposed artificially without regard to the needs of the situation or to common sense, it does irreparable dam-

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COLUMN TO astion white

in imposing this dogma, the green papers fall to recognise that strong competition already exists in the provision of legal services for the public: of legal services for the punit; there is a wide choice of services for the consumer, particularly in the specialisms provided by the Bar, and all the professions must be subject to certain restraints for the protection not of the members, but of the protection had become a large and the professions of the protection and of the protection had become a large and the protection are the protection and the protection and the protection are the protection are the protection are the protection are the protection and the protection are the protection and the protection are the protec of the public they serve. Let us examine the proposals. Professional codes of prac-

tice, covering any form of legal advice for reward and for anyadvice for reward and for any-one who wishes to practice in advocacy, will be set by the Lord Chancellor by statutory instrument, after advice from a part-time advisory quango. Under similar advice, the Lord Chancellor will decide what is a specialism in legal services and the appropriate qualifica-tions and codes of conduct. Advocacy in the courts will Advocacy in the courts will be open to everybody, whether they have trained as lawyers or not. The criteria will be that the individual has the appro-priate education, training and qualifications, and is bound by an appropriate code of conduct, different requirements will be set for different individuals and different-courts. The Lord Chancellor, under advice from Chancellor, under advice from the quango, will fix these crita-ria. Advocacy certificates will be required, which will be issued by various professional bodies, provided that the Lori Chancellor, under advice from the quango, approves the bod-ies. The bodies must show that they have "adequate arrange-ments in operation, both to ensure a mactitioner's commeensure a practitioner's competence and to monitor his per-formance as a practising advocate." The green papers are silent as to how the monitoring

is to be achieved.

The power to issue advocate

Bar, the Law Society and to "a variety of professional bodies". These so far remain unspecified, but an indication of possibilities lies in the "providers of legal services" listed in the green papers. These include notaries, legal executives, licensed conveyancers, patent agents, insolvency practitio-ners, banks, building societies, accountants, chartered secre-

taries, law centres, citizens advice bureaux, trade unions and the Royal British Legion. The green papers are also silent as to how the "variety of professional bodies" will find the resources to undertake their duties, and who will remunerate students during the probationary years. The proposals have not been thought through clearly or with any understanding of what happens in practice. Common sense dictates that the quality of persons spon-sored by the "variety of profes-sional bodies" will be inconsistent and that a general lowering of the service which in future is to be provided by a

"lawyer" is inevitable. The Lord Chancellor is incapable, given his many other responsibilities, of acquainting himself with, or making decisions on, the detailed administrative tasks he proposes to take on. In practice, the work and many of the decisions will devolve on a raft of civil services to the many of the decisions will devolve on a raft of civil services. vants in the quango and on a further supervisory raft of civil servants in the Lord Chancellor's Department. These per-sons will not be, and some of them will never have been, engaged in the practice of law, and they will not have any experience of governing a profession, or indeed any other

Independence is one of the great privileges and obligations of a profession. It is particularly important in the legal profession, where the scales of justice have to be held evenly by all those engaged in it. Dominance by forces outside the profession, and conflict of interest within it, are unacceptable. Independent professional advice, particularly in the law, is the right of every-

The Bar Council, the Law Society and the variety of other professional bodies yet to he formed will lose their independence, because the control and conduct of the legal profession will be taken out of their

The various professional

bodies which will exist in the future will be the creatures of the Government to do its bidding. Power and authority over a very large area of activity which is concerned with the administration of justice will be concentrated in the hands of the Government in the titular name of the Lord Chancel-lor. The position is exacerbated also controls legal aid and makes appointments to the makes appointments to the judiciary. Many issues require lawyers to question, in the public interest, the actions of the Government and their independence should not be put in jeopardy when they oppose the views and wishes of their transmissions. their future master. The independence of the legal profession will be damaged in other ways. As explained later, fusion will

impair the independent serrices presently provided by the Bar. The green papers propose the introduction of contin-gency fees which, once permitted, would spread like a can-cer, never to be eradicated. lawyer and the plaintiff com-bine together as a team to scavenge what they can out of insurance companies. The independent and detached attitude which is needed in a professional person who is advis-ing a client, and particularly when presenting a case before the courts, is discarded. It is a nursery for corruption.

A profession needs stability and freedom from interference by capricious political decisions. In this respect, there is no room for confidence in the future direction of the legal profession. The policies of the present Lord Chancellor reverse the policies of the last but one Lord Chancellor, although they are both members of the same Government. Moreover, the policies will



Set to change: the traditional way of life of the UK berrister

taken to the High Court by the legal profession, on the grounds that he was not dis-charging his responsibilities adequately in relation to remu-neration payable to lawyers in the legal aid service. A year ago the present Lord Chancel-lor was responsible for removing from the statute book the expression "fair remuneration" for legal services because he did not know what the term meant. Under direction from the Treasury, the inadequate remuneration he is prepared to allow is driving the best brains out of the legal aid service.

The rules of procedure in the

courts are primarily the responsibility of the Lord Chancellor. But they have been out of date, not for years, but for decades, and a heavy burden of time and costs has been

For years I believed that Sir

Sefton Brancker's 1920s dictum was out of date: "Healthy com-

petition has always been con-

sidered the only sure preventa-tive to inefficiency, slackness

and dishonesty: air transport,

however, is an exception." Observing the disappearance of

so many competitors in the US.

and the impact of airport and airspace deficiencies, I am con-vinced that the Civil Aviation

Authority (CAA) and its European Community successor

have to become very tough sur-rogates for competition.

start by assessing proposed fares against the costs of the

"efficient operator" specified in the UK Civil Aviation Act,

rather than the actual costs of

BA, as it does at present.

A.J. Lucking,

17 Broad Court

Flat 20,

The CAA could make a good

change every few years in future as the government changes. Only three years ago the then Lord Chancellor was wasted. This dismal record of achievement is a bad augury for the future administration of the legal profession.

The green papers are designed to mix the two existing branches of the profession, the Bar and the solicitors, and this will eventually bring about their fusion. The consequences of fusion have been examined on many occasions. not least by a former Lord Chancellor, Lord Gardiner, it will have the effect of restricting the choice available to clients; reducing competition within the legal profession; and diminishing the special-isms which are presently avail-able for the user of legal ser-

Commission on Legal Services (completed in 1979), fusion was rejected by the Bar and the solicitors, particularly the very large number of small solicitor firms, whose practices would

At the time of the Royal

Bar. Users expressed a clear wish to the Commission to preserve the independent services and the freedom of choice pres-ently provided by the Bar.

There is another unhealthy aspect. The judiciary in the superior courts has always been drawn from practising barristers, whose competence is forged in the hot furnaces of public practice, where their ability is tested by the judiciary, fellow practitioners and the public. In future the judi-ciary will be barristers or solicitors, or persons who are neither but are described in the green papers as "lawyers"; their admissibility will be primarily based on the advocate certificates issued to them by the variety of professional bodies". The quality of persons who will in future be "lawyers" and issued with advocate certificates, will be inconsistent and uneven and this widening of choice will damage the quality of the judiciary.

The professions provide for

society a solid background of skills, service and discipline. The Royal Commission's inqui-The Royal Commission's inquiries showed that the legal profession emerged with a good record, and that it was respected not only in this country, but abroad. Instead of building on the existing structure of the legal profession, which would be the sensible way to proceed, the green papers propose radical changes, without the necessary research or the benefit of expe-

The proposals which are objectionable are the intention of the Government to run the which it has neither experience nor competence) and to erode its independence. Other bad features are the dirigiste poli-cies which the green papers display; the creation of a part-time quango, which is illfitted for the task; the damaging effect of the fusion of the two existing branches of the law; the increase in bureaucracy and a new raft of civil servants; the erratic quality of advocate certificates; and the debasement of the quality of the judiciary.

The Government could do so much to streamline the whole legal process and it is depressing to watch it sacrifice the legal profession on the shrine of political dogma called competition The author was formerly Presi-

dent of the Institute of Char-tered Accountants in England and Wales (1966-67) and Chair-

LOMBARD

# A monopoly over language

By Judy Dempsey publishing and the Catholic

ONE ESTONIAN with a close interest in political suphe-misms may well be musing about what is taking place in another part of Europe. The Czechoslovak authorities, besides slapping a nine-month prison sentence on Vaclay Havel, that gentle, internationally-renowned playwright, have spent the past few days accusing eight decent people of

The Czechoslovak leadership has never tried to define the precise meaning of hooligan-ism. To do so would be to quesmonopoly over language. Language became an impor-tant and legitimising vernacu-lar after the Communist take-

over of Eastern Europe in 1948. Just as Communist-sponsored "rent-a-crowd" brigades pulled thousands of people out of fac-tories and offices to march in supposed celebration of Stalin's birthday, so too the Communist media went to extremes in imposing their own special vocabulary on Eastern Europe. Rather than daring to use "bourgeois" words like liberalism and indi-vidualism, the Party became obsessed with creating the New Socialist Man; with it came the Communist lexicon, rich in superlatives. They are all positive ones, at that - best expressed in the titles of the Party daily newspapers, many of which are called "Truth", as if to question the existence of any other.

Few East European societies could prevent the public distor-tion of their own language, let alone escape into their private world where even family life was manipulated by the Party-controlled radio, television and newspapers. Only recently a liberal Hungarian journalist casually referred to the 1956 uprising as an Ellenforradation, counter-revolution. He quickly checked himself. "For the past 30 years this was the only word was allowed to use. After years of having a certain lan-guage pumped into you, it is not easy to use 'real' lan-

There have been exceptions. The Poles, with their deep loathing of Communism and anything Russian, resorted to nationalist symbols, natural rebelliousness, underground

Church to retain an "independent" and non-ideological kanguage as a means of challenging Party control over the "truth". The Czechs, despite 1968, have preserved their language and culture by seeking silent refuge, like Havel, in their weekend cottages. The Hungarians have exhausted themselves in the masochistic masodik gazdasag, or second (black) economy. Making money is their new language. But now that Mr Gorbachev seeks to open up on almost everything, he is implicitly calling for the dismantling of the Party's monopoly on language. He reckons that without this development there can be no democratisation

Earlier this month Mr Guido Ilves, a journalist on Maaleht, an Estonian daily, wrote an article in terms which amounted to an appeal to his readers. "We are publishing a small selection and, relying upon the readership's active co-operation in the future to improve the collection, the world's first lexicon of political euphemisms could soon appear in our bookshops." He said it would be an invaluable aid. because many people have "difficulties in interpreting political cuphemisms."

To prove his point, the Esto-nian took to his pen. Remem-ber that oft-quoted phrase, "temperary difficulties"? in real-speak, Mr Ilves says it means "chronic shortage: essential goods and foodstuffs. Freedom of the press means the opportunity to work in a

printing shop."
Ever wanted to know what the fulfilment of internationalist duty meant? "Direct and indirect interference in the domestic affairs of other countries proceeding from great power ambitions and the export of ideology." As for the euphemistic "woman of weakened social responsibility" the real word is prostitute.

Mr Ilves even discovered that "hooliganism" is a euphemism for "a demonstration of workers in a socialist country defending their rights." The Czech authorities may not be pleased with Mr Ilves's efforts. Nevertheless, he awaits a lively correspondence.

### Under an EC flag

of policy.

on my memory forever. "working spent Sam Franks". Sam Franks, 106 Theobald Street,

Borehamwood, Hertfordshire

mum cost consistent with qual-

R.H.B. Devereux,

Morpeth, Northumberland

The Red House.

Fairmoor.

Sir. Your report (February 27) indicates that the European 27) indicates that the European Community is planning subsi-dies on European shipping to maintain European seafarers' jobe. This is clear indication that the economic policies of the EC are old-fashioned protectionism and mercantilism. in spite of the frequent denials by their spokesmen.

The next thing we shall find is that traders in the KC are under pressure to use the flag. This is the practice among some other countries, and the UK has refused, correctly, to operate any such scheme. In fact the EC will be trying to persuade the business com-munity to invest in shipping, when it is obvious that there is doubt about ability to compete. This will result in the wrong

allocation of resources in the Community, with the result The Free Trade that, taken as a whole, we shall all be less able to com- Whetstone, N20

Stamped by surprise

From Mr Sam Franks. Sir, Most readers who accept the challenge of your cross-word will have forgotten the es of February 15 - as well as those answers they managed to find. Permit me therefore to jog some memories: the answer to 25 across was "enstamps" — a word which does not appear in any of my

Disarray in ET From Mr R.H.B. Devereuz.

Sir, The article by Fiona Thompson describing the disarray attending the Employment Training Scheme (ET) touched only upon the tip of the ice-This and similar schemes are

supposed to be Government schemes, carrying out Government policy through Government programmes, and financed by Government money.

In practice the Government (through the Training Agency) exercises considerable control over the schemes, which are wholly implemented by agen-cies such as local authorities and voluntary-bodies - but the Government washes its hands of financial risk by offering a non-negotiable contract which leaves the agents to pick up the bill if anything goes wrong it has gone very wrong in the case of employment

Iron fist in the air

From Mr A.J. Lucking.
Sir, Anatole Kaletsky's excellent analysis (February 25)
demonstrates clearly the need If the European Commission wishes to safeguard seafarers' jobs, then it should abolish the common agricultural policy (CAP), which has reduced the tonnages of agricultural and for "iron fist" regulation of air transport in Europe. Airport and airspace bottle necks are preventing competi-tion here already. The most dairy produce imported into

the UK and other parts of the BC. Liverpool was the port of entry for produce from all over obvious demonstration is that British Airways (BA) continues to make good profits, even though Sir Colin Marshall recently told his staff that BA the world before the CAP was introduced, and a great deal of Liverpool's problems are of our own making, Liverpool's liveli-hood was destroyed, as an act has to charge £100 to make the same profit as its UK competitors achieve with a fare of £80. Unless he can cut his costs by 20 per cent rather than the I am particularly saddened by the fact that this scheme appears to have originated with an EC commissioner from the UK, Mr Stanley Clinton Davis. What can he have been 10 per cent he is demanding, his only hopes are that the would-be UK competitors are frustrated by infrastructure deficiencies, and that he can throttle low cost competitors thinking of? W.A.N. Jones from the Far East by lobbying the Department of Trade and The Free Trade League, Industry. (My nightmare is that his hopes will be fulfilled.)

Bow Street, WC2 Little league airports

dictionaries, but which can be from Mr R.K. Cox.
allowed on the basis of crossword compiler's licence.

More interesting (if not astounding) was the clue, egulation and its effects (Febwhich will remain enstamped rules (Febwhich will remain enstamped) ondary airports near large population centres in the US. Two examples spring to mind: Chicago's Midway, and Newark, in New Jersey. Both

of these airports are somewhat difficult to reach compared with their main competitors - Chicago's O'Hare, and JFK New York - but are growing into secondary hubs which allow smaller niche airlines to obtain gates more easily. R.K. Cox, Costells, 30 London Road, Weterham, Kent

Degree of adaptability

it is, surely, utterly unreasonable for the Government to expect other bodies to pick up the bill for its mistakes. Agents accept their obligation to run the scheme efficiently at minimal property of the columns of the scheme efficiently at minimal property of the columns of the scheme efficiently at minimal property. the scheme efficiently, at mini- irrelevant, if not pernicious. mum cost consistent with quality, and in accordance with the should be established to parameters laid down. The encourage the free movement nationwide disarray in the ET of labour." Are employers fail-programme proves that it is ing to recruit nationals of not individual agencies at other European Community fault, but the parameters and countries because basic phys-calculations of the Training ics is taught differently in

Agency.

There is nothing wrong with those countries?
"Industry's influence on the the scheme - only the finan-curriculum should be cial arrangements enforced by increased." No one can predict the Training Agency. ET can the future career of a given proceed, flourish, and bring pupil; the wise teacher encournew hope to many people if the ages the ability and alertness Government is prepared to which will be required in all ensure that no agency receives less than full recompense for matter of teaching technique, their efforts on its behalf. do well to leave to the teacher. Professional competence

acquired in work must be

treated as credit towards a

degree." A degree indicates that the graduate has completed a course designed to develop intellectual faculties to a certain level and exercise them in a general way. What is to be gained by confusing graduates (a group much in demand among employers) with those whose minds have been formed by the habits of a particular profession? (And are there really employers who reject professionally competent staff because they do not have a degree?)
"Teachers must be retrained

to keep them in touch with changes in the world of work." However the world of work is organised now, it will be organised very differently in 30 years' time. It is better to teach pupils to adapt than to prepare them, however well, for the conditions of a single period. David J. Critchley, 38 Longlands Court. Winslow, Buckingham

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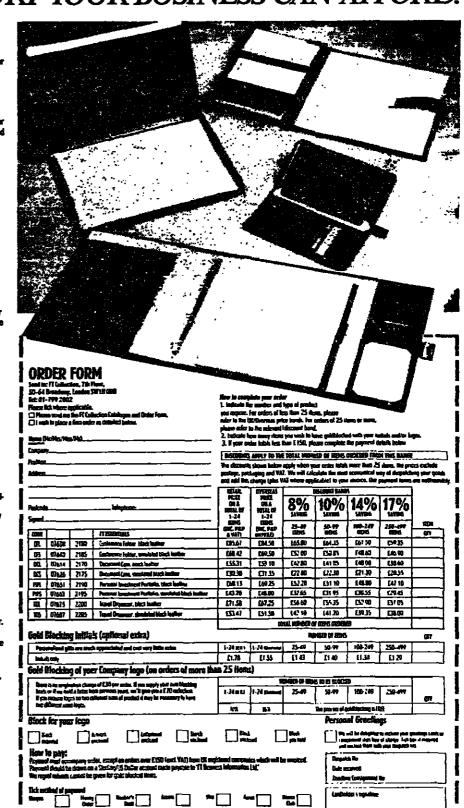
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# FINANCIAL TIMES

Wednesday March 1 1989



### Soviets offer to mediate over Tehran's death threat

By Robert Mauthner, Diplomatic Correspondent, in London

THE Soviet Union yesterday indicated it was willing to help defuse the international furore over the publication of Mr Salman Rushdie's book *The* Satanic Verses, after the Ira-nian parliament had voted to sever all diplomatic ties with

The parliament (Majlis) nevertheless gave the British Gov-ernment a week to reconsider its condemnation of the death order pronounced against Mr Rushdie by the Ayatollah Ruhollah Khomeini, Iran's spiritual leader, before finally implementing the break in dip-lomatic relations.

the British Government, which lomats from Tehran and ordered home Iran's two envoys in London, was pre-pared to take such a step. "It is for Iran to decide whether she wants normal relations," a Foreign Office spokesman said yesterday. "If she does, she must renounce the use or threat of violence against citi-zens of other countries."

The spokesman said that Sir Geoffrey Howe, the Foreign Secretary, had made Britain's position clear a week ago when he said that Iran's actions "led matic relations. the Government to conclude that it was neither possible nor

usible to conduct a normal sensible to conduct a normal relationship with Iran."
Mrs Lynda Chalker, a junior Foreign Office Minister, said after the vote by the Iranian parliament that "it certainly does not alter the position that no country or religious leader of any country has the right to incite murder in another's ter-ritory."

ritory."
Soviet concern at the turn soviet concern at the turn events were taking was expressed by Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, who said that Mr Eduard Shevardnadze, Soviet Foreign Minister, had discussed the row over the Rushdie novel during talks in

Tehran with Mr Ali Akbar Velayati, the Iranian Foreign Minister, and Hojatoleslam Ali Akbar Hashemi-Rafsanjani, the Parliament's Speaker. "The Soviet side gained the impression that the Iranian

Government wants a solution and believes the Soviet Union could have a positive role in achieving this," Mr Gerasimov said. The Soviet spokesman declined to elaborate, but said the matter would be raised at talks in Moscow this week between Mr Shevardnadze and Mr Francisco Fernandez Ordonez, the Spanish Foreign Minister and current chairman of the European Community's

Council of Ministers. It would also be raised by the Soviet Foreign Minister at talks in Vienna next week with Mr

Mr Velayati, who has been criticised recently by hardline members of the Iranian ruling establishment for his more conciliatory policies towards the West, yesterday rejoined the conservative fold during the debate in the Majlis. "We agree with the proposal (to sever diplomatic relations) and in future this will be our stand towards any country which attacks Islam and Islamic sanc-titles," Mr Velayati said.

# Church for sale: owner in decline

Kieran Cooke examines the retreat of the Church of Ireland

OR SALE: St George's Church in central Dub-lin. Described as a Greek Ionic gem, the church comes complete with fluted columns, a 200ft spire, detailed stained glass windows and pew space for a congregation of more than 600. Those interested, says the estate agent's sales details, should not assume that the church furnishings, organ, memorials or the bells will be included.

St George's belongs to the Church of Ireland, which represents the bulk of Ireland's minority Protestant population. Faced with falling congregations - attendance at St George's last Sunday was made up of 45 mostly elderly parish-ioners — and chronically short of funds, the Church of Ireland hierarchy is faced with either closing or selling off many of its churches, probably 100 in

One Dublin church has already been converted for use as a warehouse for light fittings. Another is to become a local enterprise centre, another a decorating shop. A former Presbyterian church has been converted into Dublin's first

Many feel Ireland is in danmany rees treasure is in tan-ger of losing its architectural heritage. A combination of state neglect, developers' greed and public lack of interest has destroyed much of inner-city Dublin. The Protestant middle classes have either emigrated or moved out to the suburbs. The graceful Georgian terraces have been long since knocked

The Church of Ireland seems resigned to facing modern day realities. In 1911, the last census year before the foundation of the Irish state, there were 250,000 members of the Church of Ireland; 8 per cent of the total population, in the area which now makes up the Republic of Ireland. In 1981, the last census year in which details of religious affiliation were requested, there were 95,000 Church of Ireland members; 2.8 per cent of the popula-tion. The number of Roman Catholics has been growing and makes up more than 95 per

The Rev. Gordon Linney, Archdeacon of Dublin, says alternative uses have to be found for St George's and other churches. "These are very fighting to retain their iden-painful decisions but we have tity. Identified with the old



St George's church: potential for tasteful modernisation

to make them. St George's British order, many left in the alone would cost at least half a million pounds to restore," stitution forbids state endow-ments to "any religion". The Church of Ireland owns

the majority of churches of architectural distinction in the Republic. Mr Linney and others argue that preserving St George's and other churches is not merely a question of reli-gion. It is also a matter of preserving Ireland's history, a ben-efit to culture and to tourism. There are hopes that European Community funds might

be used to help restore some churches. The Church of Ireland has been one of the main agents of conservation in Ireland, argues Mr Linney. Efforts are being made to ensure that churches such as St George's are put to suitable

For many years, Protestants in the Republic have been

years surrounding the founda-tion of the Irish state in 1922. War, as the long roll of honour in St George's of those who died "for King and Country"

In the 1920s, many Protestant families were burnt out of their homes. Today their descendants often feel caught between two worlds - Irish in England, but often described as "West Brits" in Ireland. Although the Irish state has always preached religious tol-erance and understanding, many Protestants have seen their progress handicapped by

their religious affiliation. In the early days of the state, regulations on knowledge of the Irish language excluded most Protestants from the pub-lic service and legal professions. The Roman Catholic church was seen to have an increasing influence over legis-lation. W. B. Yeats, the poet, himself a Protestant and a

### member of the Irish Senate, spoke against anti-divorce leg-islation in 1925: "It is tragic that within three years of this country gaining its indepen-dence, we should be discussing in Stockholm a measure which a minority of this nation considers grossly

Legislation forbidding divorce was eventually passed in 1937 and still stands. Laws were also introduced banning contraceptives and forbidding the publication of many books contrary to Roman Catholic church teachings.

Dr Douglas Hyde, a Protes-tant, was the first President of the Irish state. Yet during his funeral service in 1949, the entire Cabinet sat outside St Patrick's Church of Ireland Cathedral in central Dublin for fear of eternal damnation.

Much has changed: the Roman Catholic church no longer has the omnipotence it once took for granted. Roman Catholic churches in inner Dublin are also faced with declining congregations. But in many areas, Protestant influence has diminished. Today

Inter-marriage has become increasingly common in recent years. The Roman Catholic church seeks assurances that the children of such marriages be brought up as Roman Catholics. Thus Protestants have been absorbed into the majority faith.

there is only one Protestant in

Dail Eireann, the lower house

of parliament.

rejects talk of it having no future in the Republic of Ireland. A revival of sorts is under way. People are becoming more ecumenical in their outlook, Mr Linney says many parishes in the suburbs of Dub-lin are now trying to cope with problems of expansion.

"As in so many sectors of life, the Church of Ireland is engaged in a rationalisation programme. We risk being misunderstood and have to be brown But there is no elferne. brave. But there is no alternative. Inner-city decay has forced the closure of many Dublin churches. Many coun-try churches, like corner shops, have become redundant in the age of the motor car."
Fragile voices sing the closing hymn. The mighty organ echoes round empty pews. For the few elderly people making up the congregation at St George's, it is all very sad.

### Efta plan for customs union with EC

By Robert Taylor

LEADERS of countries in the European Free Trade Associa-tion (Effa) are seriously con-sidering proposals to establish a customs union with the European Community, according to a document leaked yesterday in a Norwegian newspaper. The plan will be discussed at a special Efta heads of government summit in Oslo next month.

It suggests that a common and unified European eco-nomic market should be cre-ated with the free movement of goods through a customs union as well as the free move-ment of services, capital and labour between the countries of the two blocs. If the Oslo conference agrees to this pro-posal, it will require a dramatic strengthening of Efta as a unified bargaining organisa-tion in discussions with Brus-

The leak is an acute embar-rassment to Mrs Gro Harlem Brundtland, the Norwegian Prime Minister, who is presi-dent of Efta for the first six months of 1989. If is her per-sonal initiative that is bring-ing leaders together to discuss how to respond to the growing challenge of the EC's drive to a free internal market by 1992. The readiness of the Efta The leak is an acute embar

The readiness of the Efta ecretarist in Geneva to suzgest such an idea indicates just how far it is prepared to go to meet in a positive fash-ion the overture to the non-EC Western European states made by Mr Jacques Delors, the European Commission president, in an address to the European Parliament on 17

January.
On that occasion he called for the creation of a "new, more structured relationship" between the EC and Efta "with administrative institutions." This would require, Mr Delors argued, a strengthening of Efta's structure.

However, the customs union idea is bound to raise a serious internal debate among the Efta countries. At the moment Efta itself has a free trade in manufactured goods between its members but not in agriculus memors our not in agricul-tural produce. Moreover, any customs union between the two areas would involve prob-lems of harmonisation. It would also involve a willing-ness by all the Efta countries to give up more of their indi-vidual national sovereignty in

the bargaining process.
On the other hand, the customs union idea does have some obvious attractions to many members. It could enable them to establish the economic benefits of being part of the wider market but without compromising on their political independence.

Whether the EC would be prepared to accept such an outcome is debatable, and crit-ics in the Nordic area are

already mobilising against such a proposal.

Nevertheless, the dynamic of 1992 has forced both sides to try to build logically on what could be a convergence between the try of Effective and Effective try. between the two, and Efta recognises that, if its members do not stand together, then individual countries will push ahead with bilateral arrange-ments with the EC.

# AT&T and Zenith launch US challenge in high-definition television development

By Louise Kehoe in San Francisco

American Telephone and Telegraph is to co-operate with Zenith Electronics of the US in the development of high definition television (HDTV) technology. The partnership represents an important industry initiative to establish a US role in what is expected to become a huge new market for advanced television sets and transmission equipment.

The US Commerce Department has projected that the world market for HDTV will grow to \$40bn by the turn of the century, with about half of that in the United States. Japanese and European elec-

tronics manufacturers are far ahead of the US industry in the development of HDTV, and

this has raised serious con-cerns in both the US industry and government that American companies will be left out of a major technology development with significant implications for computers and defence electronics equipment as well as consumer electronics.

The industry initiative comes as Congress is about begin hearings on HDTV that are expected to focus upon pro-posals for a government-funded industry consortium aimed at ensuring that US companies play a major role in the emerg-ing market.

Both Zenith and AT&T have been involved in developing an industry plan for a government backed consortium.

WORLD WEATHER

By joining forces on HDTV technology development, AT&T and Zenith have demon-strated their determination to strated their determination to advance US HDTV technology, a move that is expected to be welcomed by Congressmen considering the possibility of funding an industry consor-

In the meantime, the AT&T Zenith partnership should provide a significant boost to Zenith's HDTV development resources of AT&T's world-re-nowned Bell Laboratories as well as AT&T's Microelectronwell as Alet's introductionics group, which develops introcircuit chips.
Zenith is the sole remaining US-owned television set manu-

ability in the US television industry has made it very diffi-cult for the industry to fund the development of HDTV," said a spokesman for Zentth. "We cannot do it alone." Together, AT&T and Zenith have submitted a proposal to the US Defence Advanced

reported its first annual profit-since 1984. "The lack of profit-

the US Detence Advanced Research Projects Agency (DARPA) for a \$13m research contract to develop an HDTV transmission system. The total cost of the project will be \$24m, Zenith said. In addition Zenith will sepa-

rately undertake a \$21.5m project to develop large screen computer display technology.

### Co-op accounts 'concealed big losses'

Continued from Page 1

was likely to be another two to four weeks until the full extent

of Garvey Holdings is grasped, Co-op's creditor banks had until noon yesterday to indi-cate approval for a restructur-ing package agreed in principle on Sunday night, which includes a decision to "suspend" either 33,3 per cent or 50 per cent of their unsecured loans to the group. If too few banks accept the higher figure, which carries the right to buy Co-op shares at an unspecified

later date as an inducement, the lower write-off level may have to be raised to 40 per cent, the group said.

Mr Friderichs said he thought banks might accept the higher figure in view of Co-op's long-term potential.
Although an urgent rationalisation programme is now a top
priority, with the possible closure of some 300 smaller stores, Co-op has more larger-sized units than most of its counterparts, putting it at a competitive advantage. Co-op's new directors were

reluctant to comment on the

motivation of their predeces-sors, whose conduct is now being investigated by state prosecutors. "We have to win a future for the company on the basis of what we have found," said Mr Wolfgang Bernhardt, a consultant advising the group. Nevertheless, Mr Fridsrichs said he would be calling on all Co-op's supervisory board members to submit their resig-nation at the extraordinary general meeting on May 18 to make way for a new board which better reflects the group's new ownership struc-ture.

# Lasmo's call gets a dusty answer

Lasmo may argue that British barrels work harder for the company's share price than off produced under an Equatorial sun, but there was little evidence of it in yesterday's mar-ket. In time, investors may well applaud the shift in assets towards a mixture which they find easier to value; but yester-day they were more annoyed at being asked to pay for the new assets than excited by the fact that Lasmo was rediscovering the virtues of domesticity.

Indeed, yesterday's 6% per cent fall in the Lasmo share price probably reflected three parts simple irritation for

every one part genuine con-cern over the merits of the deal. After all, the market had grown used to thinking of Lasmo, shorn of its Enterprise links, as a company with cash and near-cash to spend - not as one which would test the availability of new funds, albeit at a knock-down price. Indeed, the annoyance of shareholders who bought nearly 30 per cent of the com-pany last October for 505p was guaranteed by the near 10 per cent fall in the share price

even before the call. But if the market's reaction was understandable, that does not make it reasonable: Lasmo and its advisers probably deserve the benefit of the doubt when they argue for the tax efficiency of the funding package. As for market concern over the price of the assets, that was probably inevi-table. It is a rare company which can persuade the City that it has triumphed in an auction without offering a price which is at least some way over the odds - to the joint benefit of International Thomson and the general market for good quality North Sea assets. Whether Lasmo itself become a more marketable commodity because of the deal must remain a moot point, however, at least until it is clear whether a predator values the deal more highly than the mar-

### Unilever

The great re-rating of Unl-lever's shares seems well and truly over, for a mixture of good and bad reasons. The huge but passive component of the world economy, with sales volume inexorably chugging ahead and margins fluctuating with the OECD cycle. The com-pany is deeply convinced that it is different this time round, if only because a number of its commodity businesses - trans-

Lasmo Share price relative to the FT-A All-share Index

port, packaging, oil milling and so forth — have gone for good. But ICI and British Steel would make similar claims; and though Unilever is a very modified cyclical by comparison, the market may wait for the next downturn before committing itself ting itself.
There is a better and more

specific reason for caution. Unilever's big achievement in the mid-1980s — as recognised in the share price — was its final break-through in the US market. But acquisitions apart, the US must be slower going from now on; and the US market was the some part. focus is now on the Far East, where this year's sales of £1.50n will be triple those of 1985, that is an untried market by comparison. And in Europe, which stubbornly continues to make up nearly 60 per cent of profit, the single market may be more threat than opportunity for a group with Uni-lever's huge market shares, and with 200 factories scattered around the continent

Yesterday's 13p fall in the shares, to 523p, was less to do with such matters than with footling disappointment over the exact pre-tax figure and the scale of exceptional profits. It is also worth recalling that while the shares have outperformed the London market by almost 10 per cent in the past three months, they have under-performed in both Amsterdam and New York. At just over 10 times this year's earnings, they are scarcely expensive, but unlikely to return to fashion

Is STC going to be aggressor or target in the reorganisation of the European electronics industry? It is a question which puzzles the stock market, and helps explain why the shares have performed so

poorly relative to the rest of the sector over the last year. As yesterday's 1988 results tes-tified – pre-tax profits rose 22 per cent and the dividend was up by 29 per cent — STC's financial recovery cannot be faulted. Four years ago the company's very survival was in question. Today it is earning over 40 per cent per annum on capital employed and has close to £300m of net cash in its bal-ance sheet, plus another £1bu of borrowing facilities.

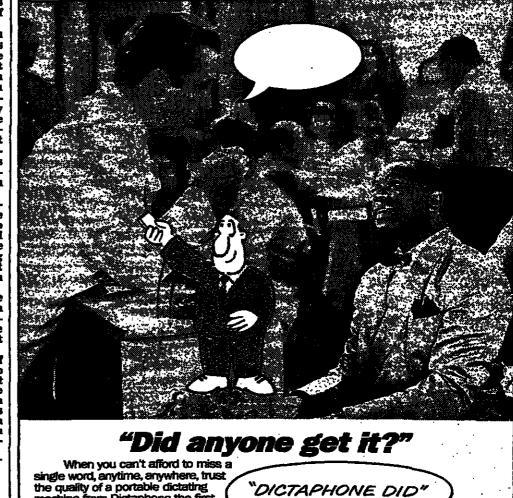
It is a conservative company whose tight control of costs allowed a 16 per cent increase in KL's profits to £129m, when rival European computer groups harbouring much grander ambitions, like Nixdorf and Norsk Data, have been badly battered. However, the room for further margin improvement must be limited.
ICL's sales growth has slowed
to a snail's pace, and while
turnover of STC's communications businesses grew by close to 50 per cent last year, they are largely confined to a couple of very successful niche areas.

There are plenty of companies, from IBM downwards, which have yet to prove that there are any real benefits of having computer and commu-nications businesses under the same roof. This helps explain

the recurrent speculation about the future of ICL. It remains the group's single biggest business, but it is too narrowly based. Despite its refusal to get involved in speculative bids, even STC cannot ignore bids, even STC cannot ignore the changes now under way in its industries. A prospective multiple of 10% suggests that for the moment it is not an obvious target. Compagnie du Midi

It would not have taken nuch clairvoyance to predict nine months ago that the pres-ence of two such strong per-sonalities in Compagnie du Midi as Messrs Pagezy and Bébéar would end in irreconcil-able differences. They seemed to share not only a deep per-sonal animosity, but a fairly fundamental difference of views over whether Midi ought to pursue its destiny as an insurance company, or as something else altogether. seems to have been consigned to history, and Midi may need to shed some industrial stakes to confirm the fact. But the chances are that the company will be able to face up to the anxieties of 1992 in the insurance world better without them anyway.

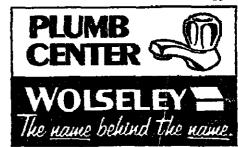
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intel wins plaudits for "super chip"

The 860 "supercomputer on a chip" is not a deep-fried soft-ware system, but Intel's new microprocessor, which has won the endorse-

ment of International Business Machines. In a dramatic demonstration of the capabilities of the chip, intel showed it performing up to 30 times faster than competing chips from Sun Microsystems and eight times faster than MIPS Computer's best chip. Page 22

Euromarkets face uncertain fate international capital markets could become an endangered species after 1992. As differences en countries' practices disappear, so too between countries' practices assappear, so the could the Euromarkets' raison d'être. The consequences of this for London in particular, the home of the Euromarketa, would be severe. David Lascelles reports. Page 25

Troubled route for Wardair



Wardair, the troubled Canadian airline recently acquired by Calgary's PWA Corporation, is to lay off at least 500 employees after reporting a huge C\$57.7m (\$48m) operating loss for 1988. Meanwhile, Air Canada, the largest Canadian airline, reported sharply improved fourth quar-ter earnings at C\$43m, compared with a loss of C\$73m a year earlier, despite engaging in a damaging fare war. Page 22

Australians fail to keep the faith The Aussie broker's lot is not a happy one. Where once Australian equilies followed the global trend, in recent months they have drifted lethargically while stock markets elsewhere have railled. Investors seem to have lost faith in the domestic economy, despite the assurances of their government, and the mar-ket has suffered, writes Chris Sherwell. Page

Gloomy forecast for Vanadium

European free man (\$ per lb) Sep 1988 1989 Feb

South African ana-lysts are forecasting a sharp drop in the market for vanadium a steel alloying metal, because of a projected 40 per cent rise in the country's production, in contrast, titanium, the metal used mainly by the aerospace indus-

try, is in extremely tight supply. Titanium metal has been produced commercially for fewer than 40 years. However, in that time its characteristics of exceptional strength, light-ness and corresion-resistance have made it a metal of extreme importance to the aerospace

Market Statistics

London share service London traded options London tractic options
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Companies in this section

AMS Industries AMZ Bank Air Canada Ai Masbreq American Barrick Area-Serono Ares-Serono Assoc Brit Consult BOC Group Bance Naz. dell'Ag. Banco Central Banco Central Banco Industries

Inspiration Res Intel Leisuretime Leucadia National McAlpine (A) Morton Thickel Moss Trust Murray Income Trust NFC NMB Bank .NT Norton Group Pickwick Group Plessey Postbank

STC

Chief price changes yesterday

PARES (FP-)
Rises
Valorec 300 + 24.8
Synthetabo 530 + 37.5
Comptoins Mod. 885 + 58.7
Factobroom 1/55 + 75.5
Synthetabo 90 + 5.2
TORYO (Yest) 2165 + 85 445 + 155 436 + 15 2121 + 61 288 + 75 Micros Nichia Steel Wik 1270 + 200 | Nichia Shin wx | 1270 | 1 | 200 | 1 | 200 | 1 | 200 | 1 | 200 | 1 | 200 | 1 | 200 | 1 | 200 | 1 | 200 | 1 | 200 | 1 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |

later, profits rose to £188m, and last year swung up again to £230m - a three-year turnaround that had pulled the share price up from 70p just after Mr Walsh

arrived to \$08p.
Some of the strength in the share price may be attributed to persistent speculation that the company may be a target for a bid. It two key assets, the ICL computer group and its telecommunications activities, fall into the mainstream of businesses that seem ripe for rationalisation within Europe in the next few-

Compagnie du Midi falls to Axa

MR CLAUDE Bébéar emerged yesterday as the victor in the nine-month struggle to control Compagnie du Midi, the French diversified insurance group. Mr Bebear's Axa group, which agreed to ally with Midi last April and now owns 28.6 per cent of its capital, swept the field at yesterday's shareholder meeting and won a dominant position on the company's board, defeating his rival Mr Bernard

Pagézy.

Mr Pagézy is expected to resign shortly as Midi's chairman.
Assicurazioni Generali, the
Italian insurer that holds a 20 per
cent stake in Midi, also obtained two seats on the board. Mr Pagézy sought originally to ally with Axa to ward off Generali.

Mr Bébéar said the meeting with groups such as Suez) or had resolved what had been "abusively presented as a conflict of personalities, but is in fact a conflict of strategies." He said he wanted to affirm

that Midi was primarily an insur-ance group — although it might usefully add financial services to its range, it should not be the dominant shareholder in indus-trial companies.

Midi, built up by Mr Pagézy from its origins as a 19th-century railway company, has a range of industrial interests including shipping, brewing and grains.

Mr Bébéar said a second dispute was over what would protect Midi better against takeover—increasing in size ( Mr Pagézy has repeatedly sought alliances

maintaining a concentrated group of dominant shareholders. Generali supported or abstained in votes on Axa's motions at yesterday's shareholder meeting, but Mr Bébéar said that the motions would have

"Generali is an extremely interesting partner, and we can
do great things with them. We
will certainly find a consensus,
but it must be a consensus which
respects the independence of
Midi," he said.
He said the core shareholders

passed even if the Italian group had not voted its shares in sup-

of Midi controlled 48 per cent of the company's capital without Generali's stake, which is expec-

ted to rise soon to slightly over 20

per cent.
As well as his own Aza group,
he said the core shareholders were the state financial institu-tion Caisse des Depots, with around 4 per cent, Paribas and Michelin, with around 3 per cent each, and Midi's own subsidlaries, which own 10 per cent. Yesterday's showdown between Mr Bébéar and Mr

Pagézy led to the ejection from Midi's board of Sir Douglas Wass, head of the group's UK insurance subsidiary Equity and Law. Mr Bébéar said that this had been necessary to secure the election of his own nominees, but that Sir Douglas should return to the board in due course. Lez. Page 18



### Lord Keith to leave STC **Unilever pre-tax** profits advance floor to brush saide specula-tion that Northern Telecom,

By Terry Dodsworth, Industrial Editor

LORD KEITH of Castleacre. former merchant banker, long-serving public servant, and one of the most redoubt-able corporate hatchet men ever seen in the City of Lon-don, howed out of big-time public company chairmanship yesterday when he announced his retirement from STC at the

age of 72.

Lord Keith could hardly have chosen a higher note on which to depart. He will leave at the forthcoming AGM with the group showing a 22 per cent rise in profits last year, and forecasting a continuing strong performance. This is all a far cry from the losses which a far cry from the losses which were engulfing STC when he took over as chairman in 1985

after leading a boardroom coup against Sir Kenneth Cor-field. Lord Keith, an imposing

man both physically and ver-bally, was in typical voice yes-terday, answering queries in an inimitable blunt style. He was intent on laying several rumours to rest.

No, he said, he had not had talks with Mr Carlo de Bene-detti, the Olivetti chairman, about selling STC's ICL com-puter subsidiary. Nor had the group ever been a member of a consortium bidding for the General Electric Company. And he was not talking to Metsun, the putative takeover vehicle for GEC. There was support from the

the Canadian group with a 27.5 per cent stake in STC, might be thinking of divestment.
Mr Rd Fitzgerald, Northern's chairman and an STC director, read out a firm statement of the company's continuing

commitment. It would no lon-ger even be under any obliga-tion to reduce its stake to 24 per cent, he added, following agreement with Fujitsu, another STC industrial collaborator, that it could keep the

extra 3.5 per cent. So Lord Keith departs with everything sweetness and Lex, Page 18; Results, Page 28.

### The long and short of STC's recovery **Terry Dodsworth**

looks at the group's management changes

> It would be hard to find a bigger contrast in executive styles, personalities or, indeed, physical stature, than the one between Lord Keith, the retiring chairman of STC, and Mr Arthur Walsh, his successor. While Lord Keith goes for the broad-brush approach, Arthur Waish loves the minutiae of runwash loves the minutae or run-ning a business. Lord Keith is bold and brash and brimming with self confidence. Mr Walsh is self-effacing in public, quiet and understated in everything he does. And while Lord Keith is substituted in and downing the physically big and dominant, Mr Walsh is small and retiring, the sort of man who could be easily lost in a crowd.

In the years since STC ran into a financial crisis in 1985, how-ever, the two men have worked effectively in tandem. Lord Keith, catapulted to the fore during the crisis, has operated very much as

a non-executive chairman. He went out to look for some one to run the company, plucked Mr Walsh out of Marconi, the isry, and then left him to get on with the job of running the day-to-day business. The results suggest that, whatever his appearance, Mr Walsh is as tough as they come when it comes to ing performance out of a squeezing given asse

Mr Walsh joined the group in late 1985, when its dash for growth had run into problems which left it with a pre-tax loss of \$211.4m (\$20m). After extraordinary charges, final losses for the year amounted to 254m. Mr Walsh says that for the next 12 months he was mainly involved in fire-fighting, sorting out which businesses to retain and creating

new operating systems. By the end of 1986, it was clear by the end or 1996, it was caear that the company was on a steep recovery track. Pre-tax profits had swung back to £134.2m, and the company was coming back into havour in the City. A year

activity. This effectively means that STC will continue on the track that Mr Walsh has laid down

 There has been a constant emphasis on streamlining the business to make it more manageable. Several operations, mainly in the components sector, have been sold, raising about £100m of cash in the process, but also bringing the two main activi-

involved in these reorganisation

involved in these reorganisation moves when it expressed an interest a few weeks ago in moves to try to take over GEC. It was a potential acquirer of a stake in the GPT telecommunications business currently owned by GEC and Plessey; and there was also a suggestion that ICL might be disposed of to Olivetti, the Italian computer group, to help pay for the purchase.

Both Lord Keith and Mr Walsh conceded yesterday that more rationalisation in the Western European electronics industry was on the way. But they diswas on the way. But they dis-missed the idea of selling ICL. "To compete internationally,

we need either more sales or a narrower front of activities," said Mr Walsh yesterday, emphasising the drive towards larger scale in the electronics industry. Because of STC's relatively modest size when compared with the big international electronics groups, Mr Walsh argues that it has to be fairly concentrated in what it

he group, he adds, will be aiming to be generating more sales in what it has, and continually channelling its efforts into more focused areas of

over the last three years. In this period, the group's reorganisa-tion has followed a series of clear

ties of telecommunications and information systems clearly to the forefront. The remaining components activities are in dis-tribution, a sector which gener-

ates steady returns.

• Mr Walsh and Mr Roy Gardner, the finance director who also came from Marconi, instituted strict financial control methods. Using GEC-style techniques, they cut back sharply on central administration, pushed operating responsibility down to the diviresponsibility down to the invisions, and made it clear that executives would be judged on their ability to manage their cash as well as their order books. Mr Walsh, who has a high admiration for Lord Weinstock, GEC's managing director, once said that his former boss could walk into STC and immediately be able to run the business.

 Alliances with other interna-tional groups have been sup-ported where Mr Walsh believes they make sense. Hence the Fujitsu link with ICL has remained; and Mr Walsh persuaded Northern Telecom, the Canadian group, to buy about a quarter of the group's equity when it was being sold by ITT of

the US.

He said yesterday that he was studying the possibility of further alliances in the future. Certainly, he said, he is planning for a long-term future at the group. The conversion of some of his share options this week, a deal on which he has made a paper profit of more than 22m, was a signal of confidence rather than the contrary. "There was a dividend stream there that I would have missed if I had not con-verted," he said yesterday, emphasising last year's 29 per cent dividend increase.

# 10% to £1.45bn

By Christopher Parkes in London

UNILEVER, the Anglo-Dutch consumer products group, over-came the hazards afflicting large multi-national companies in 1988 and produced a 10 per cent increase in pre-tax profits.

It compensated for a slowing in volume growth with increased

margins, overcame 1,000 per cent inflation rates in Brazil, and absorbed another year of adverse

exchange rates.

Pre-tax profits totailed £1.45hn (£2.5bn), against £1.83bn in 1987, at end-of-year exchange rates, which was only marginally below most City estimates. At constant most City estimates. At constant rates, pre-tax profits were up 14 per cent and sales 6 per cent.

Overall sales volume at year-end rates rose a little over 3 per cent to £17.1bn, compared with 4 per cent in 1987. But in Europe, the group's heartland, consumer goods volume rose by 3.5 per cent. Performance in other sectors in Europe was affected by pessimism in the British farming industry and the good season for pessimism in the British farming industry and the good season for grass-growing, which hit sales of animal feedstuffs, Mr Mike Angus, chairman, sald yesterday. In Japan, focus of much of Unilever's marketing attention, vol-ume increased 12.5 per cent and sales rose to almost 2300m, com-

Operating margins in the core detergents business fell a full percentage point to 6.5 per cent. Mr Angus blamed the extraordinary economic environment in Brazil and the heavy cost of countering a low-price detergent launch in India. The figures were also affected by heavy promotion in

Detergent margins improved in Europe and the US, he said.

Margins rose overall from 8.3 per cent to 8.9 per cent, with an especially strong performance from the Quest speciality chemi-cals business, up from 12.6 per cent to 14 per cent.

The group's "health" brands helped it increase volume, profit and market share in the declining European market for marga-rine and edible oils and the recent purchases of industrial suppliers Durkee Foods and Pennant "transformed" the scale of US operations, the group said in a statement.

The absence of promotional wars in the US helped the group to crank up its capital expenditure to £832m compared with

£714m in 1987.
Unilever also spent £350m during the year on the acquisition of 31 companies which added sales of £370m and yielded profits of about £37m. Acquisitions in 1989 already numbered half a dozen, Mr Angus said, including the agreement to buy Faberge's personal products interests.

sonal products interests.

The disposal of 14 non-core businesses in 1988 realised £145m.

In Rotterdam, Mr Floris Maljers, co-chairman, said he expected slower profit growth in 1989.

However, London brokers' analysts their forecasts. Mr John Camp-bell at Prudential-Bache said he expected a 14 per cent increase in pre-tax profits for 1989, possibly bolstered by currency effects.

Earnings per share rose 10 per cent to 44.68p compared with 40.54p, and the company plans a final dividend of 9.51p to make a total of 13.40p, compared with 12.09p paid for 1987.

### Lasmo steps up **North Sea** operations By Steven Butler in London

LONDON & Scottish Marine Oll Lasmo) yesterday almost doubled its presence in the North Sea with the £358m (\$626.5m) purchase of the UK oil explora-tion and production arm of inter-national Thomson Organisation, the Canadian publishing group.

the Canadian publishing group.
The agreement to purchance Thomson North Sea, which was signed early yesterday after a negotiating session lasting all weekend, will increase Lands oil production this year by one-third to \$4,000 barrels a day and will again make the UK Lasmo's principal or perting area.

principal operating area.

The acquisition lay rives a total of 156m barrels of proven and probable reserves, plus exploration interest la 214,000 net acres.

Lasmo expanded heavily falo international oil exploration in 1982 but has been drawn back to the UK partly as a defensive move because it believes the market (indervalue) its overseas oil acreage, leaving it vulnerable

For International Thomson the sale continues the trend of the past year in which non-oil companies have disposed of oil ssets to take advantage of high prices for North Sea exploration and production acreage.

The deal is to be financed in part by 11 £158m rights issue, in which Lasmo shareholders are to be offered two new shares for each nine held, at a steeply dis-counted price of 375p. Lasmo shares fell sharply, closing 30p down at 433p. Lesmo is also negotiating £200m in long-term borrowing.

Announcement of the rights me provoked criticism in the City, where analysts had believed that Lasmo's recent £368m sale of a 25 per cent stake in Enterprise Oil, the UK oil independent, to Elf Aquitaine, of France had provided it with all the cash it needed.

Mr Chris Greentree, Lasmo chief executive, said a key attraction was that the deal would provide Lasmo with a sharp increase in production after 1993, when oil prices were expected to be higher.

The principal assets acquired include interests in the North fields, all of which are operated by Occidental Petroleum.

Lasmo yesterday estimated its 1988 net profits would amount to £25m, compared with £22m in 1987, on a turnover of £150m, down from £176 the previous year. This would result in earnings per share rising from 12.4p to 12.5p.

Background, Page 26, Lex.

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Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of Associated British Consultants plc (the "Company"), issued and now being issued, to be admitted to the Official List. 410,106 shares, representing 25 per cent. of the ordinary shares now being placed, are being placed through Quilter Goodison Company Limited.

Dealings in the ordinary shares of the Company are expected to commence on 7th March, 1989.

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Indeed. STC became directly

### INTERNATIONAL COMPANIES AND FINANCE

# Japanese may scale back next NTT share offering

By Our Financial Staff

THE NEXT tranche of equity which the Japanese Govern-ment is to sell in Nippon Tele-graph and Telephone (NTT), the world's largest company by market value, may be scaled back in order to stem a persis-tent slide in its share price.

The privatised domestic tele-communications group has been troubled recently by its executives links to the Recruit Cosmos share scandal, while NTT's profitability is also being eroded by new competi-tion on deregulated phone routes within Japan.

NTT's operating plan, submitted to the Posts and Tele-communications Ministry and revealed yesterday, shows that the company expects pre-tax profits in the year to next March of Y435bn (\$3.44bn). This compares with the latest recorded result of Y496.7bn in 1987. 8 and a previous projection by NTT of a decline to the Y425bn to Y430bn range in the Howe ver, Mr Haruo Yamagu-

chi, NTT president, has said in the last few weeks that 1988-89 profits would not show a ecline from the previous year. An NTT official yesterday attributed the lower outlook for next year to increased com-petition from recent entrants into the domestic telecommunications market as well as lower telephone charges and the splitting off of its NTT

Data Communications subsidiary from the parent last April.

The operating plan forecast 1989-90 revenues of Y5,700bn against an estimated Y5,610bn for 1988-89 and an actual Y5,662bn the year before. NTT shares closed at YL66m each on the Tokyo Stock Exchange yesterday, down Y20,000 on the day and less than half its record high of

Y3.18m achieved in April 1987. A Ministry of Finance official said yesterday the number of shares in the fourth tranche of the Government's NTT share sale could be below the ministry's earlier estimate of

1.95m shares, but he added that no decision had yet been made on the amount or timing of the

Local press reports suggested that the ministry has started to consider a reduction in the shares to be sold, as well as alloting a higher pro-portion to stable shareholders such as banks, life insurers and companies which have business relations with NTT.

business relations with NTT.
The moves would be aimed at
keeping the share price from
falling further.
Meanwhile BDD, the country's main supplier of international telephone services, said
in its annual business plan that it expected pre-tax profits of Y32bn in 1989-90, compared with a forecast Y37.8bn in the current year and Y35.4bn the

previous year.

KDD, which is also facing competition from new entrants, foresees revenues of Y277.5bn compared with an expected Y262.7bn in 1988-89 and Y248.5bn last year.

# Shell plans Y2bn Tokyo centre

ROYAL DUTCH/SHELL, the oil and chemicals group, is to spend Y2bn (\$15.8m) on a new research laboratory in Japan to support work on plastics and specialised intermediate chemi-

The company is the latest in a series of Western chemicals groups to announce new scientific centres in Japan over the

past few years. Other companies which have followed this route include Imperial Chemical Industries and Glaxo of Britain, Ciba-Geigy of Switzerland and

Shell plans to complete the laboratory, which will be at Tsukuba City, near Tokyo, by mid-1990. The research centre will aim to strike up links with customers in Japanese indus-try and take advantage of new ideas emanating from the country's scientific commu-

Ocomo Oil, a leading Japanese distributor of petroleum products, is to take full control of Asia Oil, a 49.7 per cent owned affiliate, Our Financial

Cosmo said the merger was aimed at strengthening the

group to cope with relaxation of government controls on the oil industry, including liberalisation of imports.

The two companies already co-operate in refinery operations and oil distribution. The takeover, which will come into effect in October, is being brought about through a 10for 15 share offer. Cosmo shares ended Y40 lower yester-day at Y1,070 on the Tokyo

Stock Exchange.
Cosmo was itself the product
of a merger in April 1986
between Daikyo Oil and
Maruzen Oil.

### Tata to double stake in Tisco

By R.C. Murthy in Bombay

INDIA'S TATA group is to double its stake in Tata Iron and Steel Company (Tisco), the country's leading private sec-tor company, to about 8 per cent in a Rs1bn (\$78.1m) move to pre-empt any hostile take-

This follows the discovery by the Tata family that the Birla group, India's second largest industrial combine, has overtaken its own holding by amassing an estimated 6 per cent of Tisco equity. The Tatas currently manage Tisco with only a 4 per cent equity stake but with the support of govern-ment-owned financial institutions, which have a combined 49 per cent holding.

Although Tisco was started by Mr Jamshedji Tata, founder of the Tata industrial empire, the family holding has dwindled because of policies promoting wider share dispersal as well as income tax and wealth Indian institutions take

stakes in companies but do not normally destabilise manage-ments which they view as pro-fessional. They gain feedback through nominee directors on financial institutions have adopted an ambivalent stance where two business groups are locked in a takeover battle and have tended to allow the market to prevail.

Other business groups have previously built up stakes in Tisco without mounting any threat to the management. The parent group is none the less acting to acquire additional shares through partially convertible debentures offered to shareholders and the public.

Tisco shareholders have granted approval for the Tata

CS First Boston, Inc.

has been formed through the merger of

First Boston, Inc.

and

Financière Crédit Suisse-First Boston

and the purchase of the publicly held shares of

First Boston, Inc.

The undersigned acted as financial advisor to the Special Committee of the

Board of Directors of First Boston, Inc. in this transaction.

will be convertible into Tisco This is part of a Rs5.65bn debenture issue, of which Rs2.05bn is reserved for existing shareholders and the remainder offered to the gen-

group to buy 1m debentures at a cost of Rsl. 2bn, half of which

### **ANZ** buys Postbank for record NZ\$665m

By Dal Hayward in Wellington

NEW ZEALAND'S biggest NEW ZEALAND'S biggest banking merger was completed when Australia and New Zealand Banking Corporation (ANZ) took over Postbank, the highly successful and profitable operation which developed from the former Post Office Savings Bank.

Postbank was sold to ANZ as part of the New Zealand Government of the New Zealand Ramking Corporation (ANZ) took over Post-bank, the highly successful the New Zealand Ramking Corporation (ANZ) took over Post-bank over Post part of the New Zealand Government's asset sales programme. The NZ\$665m (US\$415.3m) paid by ANZ surprised local bankers and made the deal one of the most suc-cessful of the Government's

disposals.
The ANZ hid was NZ\$150m. more than the nearest competitor. Mr Paul Risso, ANZ managing director, said the New Zealand market failed to appreciate the true worth of a

retail bank.

ANZ paid twice the book value of the assets and about 10 times the bank's current earnings. Mr Rizzo said this was a lower price/earnings ratio than, for example, the National Australia Bank paid in recent UK purchases.

The Poetbank price reflects

The Posthank price reflects its turnround from a government department which made heavy losses. It required an injection of NZ\$250m in state funds, with another NZ\$50m in

reserve, when set up as Post-bank in April 1987.

ANZ expects Postbank to contribute immediately to the group's overall profit. Postbank has the largest retail cus-tomer base of any New Zea-land bank. It will lift ANZ's share of the local retail bank ing market to 16 per cent and more than double its personal

Two out of three New Zealanders hold a Postbank account. Since it became independent, Postbank's aggressive marketing has increased its number of cheque-account customers and built its home mortgage business to over

 Bankers Trust New Zealand, a unit of Bankers Trust New York, sald it increased its net profit for the year to last November by 34 per cent to NZ\$10.2m. Assets grew 7.8 per cent to NZ\$591.6m, agencies Australian Mutual Provi-

dent Society (AMP) is seeking to dispose of AMP Financial Corp (NZ), its New Zealand chant banking subsidiary. This follows a decision by AMP to concentrate on its core insurance, pension fund and related markets where it is the largest Australian-based institution. AMP Financial has assets of around NZ\$270m.

# Credito Italiano to buy BNA stake

CREDITO ITALIANO, one of italy's largest state-controlled banks, has agreed to acquire significant minority share stakes in Banca Nazionale dell'Agricoltura (BNA), the patients blowest arisate banks. dell'Agricoltura (BNA), the nation's biggest private bank, and in a holding company that is BNA's biggest shareholder.

The purchase of these shares, which have a present market value totalling L227hm (\$168m), could be a prelude to an alliance that would represent the most important restructuring in Italian banking in years.

restructuring in Italian bana-ing in years.

The move by Credito Italiano is part of a broader attempt to achieve a shareholding-and-management accord with BNA that would lead to a series of joint ventures and the possible integration of the branch net-works of the two banks. Credito Italiano has agreed to acquire, from a private investor group, 10 per cent of

Lucio Rondelli: wants an alliance with BNA



BNA's ordinary stock plus 17.5 per cent of Bonifiche Siele, a quoted financial vehicle that owns 42 per cent of BNA. The value of these two share stakes, based on current prices

on the Milan bourse, would be L150bn and L77bn respectively. It is understood that Credito Italiano is also interested in

Italiano is also interested in acquiring part of the 42 per cent stake in BNA that is owned by Bonifiche.

For several months now the Bank of Italy has been putting pressure on Count Giovanni Auletta, who runs BNA and whose family controls Bonifiche Siele to recapitalise BNA fiche Siele, to recapitalise BNA and to strengthen the bank's BNA, which has total depos-

its of L23,285bn and 230 branches, has announced a two-stage rights issue, but there is scepticism in the market as to whether the Auletia family has the resources to subscribe its portion. Mr Lucio Rondelli, managing director of Credito Italiano, is believed to have held a series of meetings in recent days with Count Auletta; these meetings

forging an alliance between the two banks.

two banks.

In particular Mr Rondelli's project would see Credito Italiano flanking Count Auletta in a shareholder partnership and would eventually lead to a rationalisation of the branch networks of the two banks; Credito itself has 479 branches. If Count Auletta were amenable to Mr Rondelli's proposals then Credito Italiano could

als then Credito Italiano conid also work to strengthen the management at BNA, which is considered by the central bank in Rome to be rather thin.

The success of Credito Italiano's plan for BNA is likely to be settled within the next few days. It is understood that both the central bank in Rome and IRI the state grown that con-IRI, the state group that con-trols Credito, would look favourably upon such a solu-

**Dutch** bank

posts 36%

advance in

By Laura Raun

in Amsterdam

net earnings

NMB Bank, the third largest Dutch commercial bank, lifted

its 1988 earnings by 36 per cent on brooyant growth across the board. The 1988 dividend was raised by 22 per cent to FI 11 a share.

NMB, which is merging with participate the country's nest

Postbank, the country's post office bank, said net income jumped to Fl 301m (\$146.8m), or Fl 28.23 a share, last year from Fl 221m, or Fl 20.40, in

from Fi 221m, or Fi 20.40, in 1987. Robust lending at home and abroad and healthy inter-est-rate margins sent interest income 10 per cent higher. NMB said it has now carved out a 20 per cent market share in international trading of

Third World debt.
Earnings would have been
Fl 30m higher without a

FI 30m higher without a newly created reserve for soaring supplementary payments to disabled employees.

Overall income advanced 12 per cent while expenses lagged behind with an 8 per cent increase. Rapid credit expansion, which was most noticeable in the first half of the year, and a desire to

year, and a desire to strengthen assets led RMB to set aside the same amount of reserves for bad loans as in

A LANGE

### Belgian companies link to take on world

By Tim Dickson in

BARCO-INDUSTRIES and Barco-Electronic, two Belgian electronics businesses split up when their parent company got into difficulties eight years ago, yesterday announced plans to "remarry" and create a combined group aiming at worldwide leadership in its specialist fields.

The new unit will have turnover of around BF75.8bn (\$153m) and initially will be more than 70 per cent owned by the GIMV, the Flemish public investment company. It has immediately signalled its determination to averaged both exceptions. mination to expand both geo-graphically and in shareholder

"It is the intention of the group to find industrial partners, and the multinational character of the group does not exclude partnership of foreign shareholders," Mr Hugo Van-damme, president and chief executive, said yesterday. Barco-Industries and Barco-

Electronic both describe them-selves as "niche marketeers" and, with the help of the group's BFr2bn of cash resources, plan to build a net-work of small companies which can benefit from its established research, produc-tion marketing and distribution resources.

The company's products include intelligent broadcast monitors widely used in editing, colour graphic monitors, equipment designed to transfer satellite signals to cable TV systems, computer-integrated manufacturing systems for the textile and plastics industries and video and data projectors.

The merging companies were pert of the original Belgian American Radio Corpora-tion (Barco), a family owned company which moved into television in the 1960s and 1970s. It was successful until it ran into the combined difficulties of Japanese competition and the recession in Europe in the second half of the 1970s.

SKr14 per share and announced a four-for-one stock In 1981 a 57 per cent stake in what became Barco Industries was purchased by ACEC, the once-proud Belgian engineering business whose major interests have been sold

recently.

The purchase of this stake by the GIMV (already majority shareholder of Barco-Electronic) paved the way for yesterday's merger. Five shares of Barco-Electronic will be exchanged for four shares of Barco-Industries, with a successfunct stock split of threequent stock split of three shares in the new Barco group for one share of Barco-Indus-

recentiv.

Before the split the net profit per share of the new group for 1988 is assumed to be BFr196 -39 per cent more than the 1987 figure.

# **Benetton plans US** public share offer

By John Wyles in Rome

BENETTON, Italy's leading international clothing group, yesterday announced plans for a share issue in Europe, the US and Japan, designed to raise a minimum of L216bn (\$16im) by

the end of next year.

The issue will raise the company's capital base from I.S.I.Ahn to I.S.I.Ahn through the issue of 24m shares. The first tranche of 15m shares will be sold this year through a public offering in the US and through private placement in Europe

and Japan.
In the US Benetton will seek an appropriate listing on the New York Stock Exchange for the American depository receipts, the usual vehicle by which foreign companies are

quoted there.
The capital issue coincides with a very flat period for the fast growing Italian clothing manufacturer and retailer. Sales last year rose by a modest L233hn to L1,500hn, thanks largely to acquisitions, while profits remained firmly anchored at 1987 levels of

Mr Gilbert Benetton, chairmar Gunert Beneton, chairman, said after the company's board had approved the capital increase yesterday that he expected sales to reach L1,700bn this year and that net profits would show a further increase.

The issue will raise the proportion of equity held outside the Benetton family from 12.5 per cent to 25 per cent. "The broadening of foreign shareholdings is part of the strategic aims of the Benetton group, said Mr Benetton.

We reached a satisfactory degree of internationalisation some time ago from the retailing point of view with 5,000 shops in more than 70 countries and with 10 manufacturing plants in seven countries in Europe and North and South America.

### SKF out of doldrums with 32% jump in profits

By Sara Webb in Stockholm

SKF of Sweden, the world's leading roller bearings manu-facturer, reported a 32 per cent jump in profits for 1988, putting an end to the weak profit growth of recent years when the group was afflicted by overcapacity in the bearing industry and tough price com-

The group attributed the increase to strong demand for bearings from the major industrial countries, and said profits from the bearings division were strong in the final quarter of last year. Restructuring in certain European plants also

helped.
Profits after financial items rose to SKr1.52bn (\$243m) last year from SKr1.15bn in 1987, while group sales increased by 8.4 per cent to SKr21.25bn.
The board proposed increasing the dividend from SKr12 to SKr14

SKF is optimistic about profit increases in 1989, expecting further growth in the major economies and strong demand for roller bearings.

By Our Financial Staff

MR LEIF Ekstrom, president and chief operating officer of

Finland's Amer consumer products group, has resigned over differences of opinion

about group strategy and lead-ership style and methods.

The company said the disagreement was not connected

The group believes that demand from the capital goods sector, on which it earns better margins, will increase during the next year, while demand from the automotive industry. could level off in 1989. SKF said it had started to increase its production capac-ity in the US and upgrade

machinery at its plants there following the pick-up in demand. It also improved profits at its West German and Italian bearing plants, which have been dogged by low profitablists and cost swifting and said it. ity and cost-cutting, and said it expects to see further improve-ments during 1989. Profits after financial items for the bearing division -

accounting for the bulk of group profits - increased by 39 per cent to SKr1.21bn, and were boosted by a strong final

guarter when profits reached SKr49m.

Tool division profits increased by 28 per cent to SKr12m, while the component satistati, white the component systems division, which experienced strong demand from Japan, raised its profits by 61 per cent to SKr209m.

agreed last week, of Wilson Sporting Goods of the US. The Amer supervisory board has accepted the resignation,

effective from the end of

March. Mr Heikki Salonen, chair-

# The balance sheet total axpanded by 8 per cent to F1 86.6hn at year-end. Full accounts will be published on Ares-Serono

1987 - Fl 500m.

lifts profit By William Duliforce in Geneva

ARES-SERONO. ARRS-SERONO, the Swiss-based pharmaceuticals group, yesterday reported a 37 per cent increase in 1938 net earnings to \$48m. The board proposes to raise dividends from \$20 to \$22 per bearer share and from \$8 to \$8.80 per registered share.

Net income per share last year was \$38.36 against \$64.43 in 1987. Cash flow climbed by 41 per cent to \$68.6m. The

41 per cent to \$68.6m. The group, which reports in dol-lars, had earlier disclosed a 28 per cent rise in sales to \$420m

### Aussedat move By Our Financial Staff

AUSSEDAT-REY, the French paper maker, yesterday con-firmed its acceptance of a friendly FFr2.2hn (\$355m) bld by International Paper of the US instead of a projected French consortium offer.

Aussedat said it had met
officials from rival French

### man and chief executive, will paper maker Arjomari-Prioux.

### Fears over Spanish bank share buy-backs By Peter Bruce in Madrid

Amer president resigns

SPAIN'S banking authorities yesterday were still trying to untangle the complex after-math of the failed merger between Banco Central and Banco Credito de Espana (Banesto). There is growing concern that both banks might now be forced to buy further significant amounts of their own stock.

The merger's end has been attended by the release of 5 per cent of Banesto's equity and, potentially, a further 6 per cent in Beneal Control.

notentially, a nurser oper can in Banco Central.

Meanwhile the Bank of Spain, which promoted the merger and turned a blind eye to earlier accumulations of the banks' own equity, particularly by Banesto, is now trying des-perately to reassert its supervi-sory function.

This task is being compli-cated by the urgent need on the part of both commercial banks to stop the free-floating shares falling into hostile

with the two banks to ensure full transparency in all their share transactions, and the governor of the Bank of Spain, Mr Mariano Rubio, saw both chairmen on Monday to warn them not to increase their ireasury stock as the merger

In the case of Banco Central, the bigger of the two, the end of the merger has been compli-cated by a division between the partners in its biggest share-holder, Cartera Central. This is a joint venture between the Kuwait Investment Office (KIO) and two local entrepre-neurs, Mr Alberto Cortina and his cousin Mr Alberto Alcocer (Los Albertos), which controls close to 13 per cent of the bank

KIO has a 48.8 per cent share in Cartera Central, but wants to get out of the partnership and Spanish banking altogether. KIO offered its stake to the Albertos on Monday for around \$400m but there are doubts as to whether the cous-

ins can afford to buy KIO out.
Under the joint venture agreement, neither side can get out unilaterally until 1992. However, this is conditional, and KiO lawyers believe the current situation — the Albertos' wrecking of a merger desired by the Government and revelations that Mr Cortina is having an adultenant efficiency. having an adulterous affair -is damaging enough to KIO's interests to justify terminating

If the Albertos cannot find the money to buy KKO out, the Ruwaitis could try to sell their indirect stake in Banco Central to the bank itself, or at least to the bank itself, or at least sell the rights to their shares — worth about 6 per cent of Banco Central — to people nominated by the bank. That would ruin any chance of the Albertos playing a decisive role in the future of the bank.

in the nature of the Bank.

In either case, Bank of Spain approval would be required. In Banesto's case, a 3 per cent stake believed to have been put on the market by Mr Juan

Abello, a vice-president who resigned on Thursday, and a further 2 per cent being put up for sale by Cartera Central, are straining nerves at the central bank because it is not clear who will buy the stock.

Meanwhile both banks appear to have included in

appear to have included in their 1988 accounts generous tax-free capital gains that would have accrued had the merger gone ahead. If the tax breaks are now to be rescinded. by the Bank of Spain and the Finance Ministry, the effect on profits for last year could be very damaging, especially for Bayesta.

To meet the conditions of the merger, Banesto had to keep its ahare price equal to that of Banco Central, and is thought to have accumulated up to 8 per cent of its own stock in the

process.
In addition, the bank included sales of assets to its subsidiaries of some Pta17bn (\$149m) in its Pta39bn pre-tax profit for 1988.

February 28, 1989

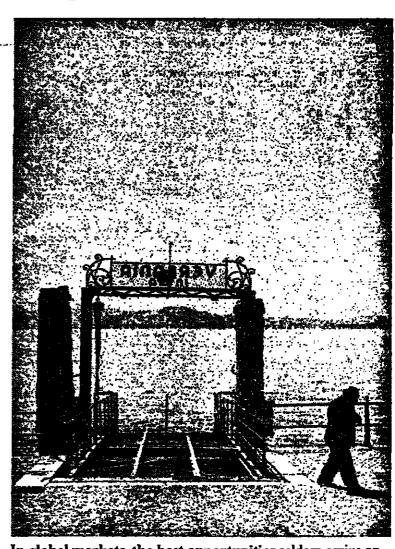
Dillon, Read & Co. Inc.

stak

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### INTERNATIONAL COMPANIES AND FINANCE

### Toshiba in Y70bn new chip project

By Our Financial Staff

TOSHIBA, the Japanese electrical group, is to invest more than Y70bn (\$553.4m) over several years to build a four-megabit dynamic random access memory (Dram) micro-chip plant in southern Japan.

The facility is intended to be operational by April 1991, with an initial capacity of about 3m chips per month. It will be adjacent to Toshiba's existing microchip plant in Oita, where output of four-

megabit Drams will also be expanded to about 100,000 a month by this September, an official said yesterday. The Y70bn does not include the cost of the 120,000 sq metre plot of land, the pur-chase price of which is being

Toshiba decided on the Toshiba decided on the expansion programme in view of growing demand for advanced chips. The company is now the world's biggest maker of one-negabit Drams with output of 8m chips per month. It also currently ships about 1,000 commercial samples of four-megabit Drams a month from Oita.

# Intel takes on Riscs with the Wizard

Louise Kehoe and Alan Friedman report on a 'supercomputer on a chip'

ntel, the US semiconductor group, has won the endorsement of Interna-tional Business Machines for tional Business Machines for its new microprocessor, the 860 "supercomputer on a chip."
At the unveiling of the Intel chip in San Francisco on Monday evening, IBM demonstrated a prototype version of an "application accelerator," an add-on circuit board containing the 860 that will significantly boost the performance. cantly boost the performance of its personal computers.

The new Intel chip represents a major breakthrough in microprocessor performance. In a dramatic demonstration of the chip, Intel showed it per-forming up to 30 times faster than competing chips from Sun Microsystems and eight times faster than MIPS Computer's

IBM's endorsement of the 860 provides a significant boost for the new chip by giving it a role in the high volume personal computer market. The "Wiz-ard" circuit board, as IBM calls it, could be used to transform a personal computer into a pow-erful engineering workstation. It might also prove useful in compute-intensive personal computer applications such as

financial modelling or any type of graphics work.

While stopping short of announcing the Wizard circuit board as a product, Mr James Cannavino, IBM Kntry Systems Division president, implied it will become available later this year as an addon orthon for

year as an add-on option for existing IBM PCs.

Also cheering at the Intel announcement was AT&T which together with Intel, Olivetti, Convergent Technologies, and Prime Computer, is developing a multiprocessor version of its popular Unix computer operating system software for the Intel chip that the scheduled for compiletor is scheduled for completion before the end of the year. Olivetti, the Italian computer

manufacturer, yesterday confirmed that it will adopt the 860 as the "engine" for a new range of computer systems.

Mr Vittorio Cassoni, chief executive of Olivetti, yesterday said the company's choice of Vitalia con pany's choice of Vitalia con pany said the content of Vitalia con pany said the company's choice of Vitalia con pany said the company Intel's 860 was based on two considerations — "the technical excellence of the microprocessor and the fact that we already have a long standing relationship with Intel." Among US computer compa-nies planning 860 based prod-

ucts are Altos Computer and Ardent Computer. In all, about 50 customers are already committed to the chip, Intel claims. With the launch of its 860, Intel is defending its position as the world leader in microprocessor design and manufacture. Intel engineers invented the microprocessor in the early 1970s and went on to build a family of chips that have family of chips that have become the "brains" of most personal computers. Recently, however, Intel has been under increasing competitive pres-sure from makers of fast reduced instruction set com-puter (Risc) chips being used to power high performance com-puter workstations.

he 860 represents Intel's response to the Risc chip challengers. Intel is late entering the field and the success of its chip in the computer workstation and mini-computer markets will depend largely upon how quickly criti-cal software, such as the Unix operating system and an "application binary interface," a program designed to ensure software compatibility between all computers built around the all computers built around the chip, become available.

IBM's use of the 860 in a personal computer circuit board may however provide Intel with a valuable alternative market for its new chip that will not be dependent on major new software development. major new software develop-ments. Microsoft, the software company that developed the operating system software used in IBM and most other personal computers said that it will quickly add support for the new chip.

The 860 is available in samrie sou is available in sample quantities now and will be ready for volume shipment in June. The chip will be priced at \$750 in the fourth quarter of this year, Intel said. A faster version will be introduced in September with yet another speed improvement planned

With its latest chip design, Intel set out to create a co-pro-cessor that would enhance the performance of personal com-puters. "But when we presented it to (potential) customers, they had other ideas," said Mr Gordon Moore, chairman. The power of the 860, which combines three special purpose processors on a single chip – a Risc processor for high speed data processing, a floating-

point processor for mathemati-cal processing and a graphics processor for producing three dimentional graphics - make it a supercomputer on a chip that will create a new class of microcomputers that challenge the performance of today's superminicomputers , computer experts say.

ntel spent \$176m on a com-puter-aided network that it used to design the 860, said Mr Moore, and another \$338m on developing the process tech-nology that will be used to fabricate the chip at two Intel plants, in Oregon and New

These investments will enable Intel to introduce two other advanced microproces-sors this year, Mr Moore said. In addition to the 860 "mega-processor," Intel will, within 60 days, launch a new personal days, launch a new personal computer microprocessor, to be called the 486. Unlike the 860, the 486 will be totally compatible with the current range of intel microprocessors but offer significantly higher performance. Several major personal computer manufacturers are believed to be developing new products around the 496 chip.

# **Morton Thiokol** plans spin-off

MORTON THIOKOL, a company still haunted by its role in the Challenger space shuttle catastrophe three years ago, is spinning off the business that made the shuttle's forly maken the convent. faulty rocket motors to concentrate on its thriving commer-

trate on its thriving commercial operations.

Wall Street responded yesterday with great enthusiasm to the plan, which will create two separate companies with sales of over \$1bn each. Morton Thiokol's stock rose \$3% to \$43% yesterday morning as investors predicted much higher stock-market valuations for the individual businesses.

Ms Katharine Plourde, a leading research analyst at

leading research analyst at Drexel Burnham Lambert, said stock market prejudice against the aerospace business since the shuttle disaster has held

the shuttle disaster has held back the company's overall value. "This really is a case where the parts are worth more than the whole."

The plan, which will go into effect on July 1, will create a new entity, Morton International, to operate the company's humming specialty chemicals, automobile airbags and salt businesses with sales of about \$1.5bn. The aerospace operation, the largest maker of the challenger to explode just after take-off.

solid-fuel rocket motors in the US with sales of about \$1.1hn, will be renamed Thiokol.

Mr Charles Locke, Morton Thiokol's chairman and chief executive, and Mr Jay Stewart, president, will run the new commercial operation. Mr Edward Garrison, who is group vice-president of the aerospace division, is expected to become president of Thiokol.

The deal will be carried out

the deal will be carried out by giving shareholders a share in Morton International for each share they own of Morton racin snare they own or increase.

Thickel. Both companies will be listed on the New York Stock Exchange. The transaction is designed to be tax-free but fees and other charges will

the booked to not income for the year to next June.

Mr Locke said: "The transac-tion will allow investors to evaluate better the individual

# Notice of The Annual General Meeting of Shareholders

The Annual-General Meeting of Shareholders in Copenhagen HandelsBank A/S nday, March 13, 1989, at 5.00 p.m. at "Tivolis Koncertsal", Tietgensgade 20, Copenhagen V.

	Copenhagen Handels Bank	Handels Ban
	Сгоцр	A/S
(DKr. million)	1988	1988
Interest received, exc	9,534	8,244
Interest paid	6,563	-5,693
Net income from interest and commission	2,971	2,551
Other ordinary		-,
income	806	722
Profit before		
expenses, etc	3,777	3,273
Salaries and pensions.	-1,603	-1,504
Other expenses	<u>-795</u>	<u>-721</u>
Profit before provisions and depreciations, etc	1,379	1.048
Provisions for bad	490- 5	A-PATTO
and doubtful debts Depreciation of	-835	-707
machinery, etc	<u>-163</u>	-148
Profit before extra- ordinary income and expenses	381	193
Extraordinary in-		4,53
come and expenses Revaluation of	-206	-211
securities	1,104	1,275
Profit before taxation	1,279	1,257
Taxation	-169	-149
Profit including	1,110	
Minority share Net profit for the	2	
year	1,108	1,108
Plus transfers from:		-
Previous years		277
lovestment Fund		150
Available for distribution		1,535
which the Council recommends be allo- cated as follows:		
Dividend		253
Benevolent Fund		2
HandelsBank Welfare Fund		1
Statutory Reserve		_
Fund		167

Following the allocations the shareholders' funds stand at DKr. 7,261 million. The subordinate loan capital amounts to DKr. 3,242 million. Hence, the total capital funds amount to DKr. 10,503 million at the end of 1988.

313 1,535

The Board of Directors will render: A

Extra Reserve Fund...

To be carried forward

The Annual Accounts incorporating the Balance Sheer, the Profit and Loss Account with Notes, the Annual Report and the Consolidated Accounts with their recommendation for the approval of the Profit and Loss Account and the Balance Sheet, and their recommendation for the discharge from their obligations of the Boards of Directors and

B The unanimous recommendation of the Share-holders' Council for the appropriation of the amount at disposal according to the Annual Accounts.

The unanimous recommendation of the Share-holders' Council to raise the limit on the authority vested in the Board of Directors empowering it to in-crease the share capital of the Bank. It is proposed that the existing limit be raised by an amount approximat-ing the capital increase of two hundred and eighty-one million two hundred and fifty thousand Danish

million two hundred and fifty thousand Danish kroner which, at their meeting on February 15, 1989, the Board of Directors resolved to effect pursuant to its authority set out in subarticle (2) of Article Three.

It is recommended that the limit on the authority to effect a total share capital increase of six hundred and eighty-four million two hundred thousand Danish kroner be raised by three hundred million Danish kroner and extended until March 12, 1994.

If this recommendation for the increase and ex-tension of the aforesaid authority be adopted, subarti-cle (2) of Article Three shall be attended so that the words "March 30, 1993" be replaced by "March 12, 1994", and so that the words "six hundred and eighty-four million five hundred thousand Danish kroner" be replaced by "nine hundred and eighty-four million five hundred thousand Danish kroner".

The unanimous recommendation of the Shareholders' Council that the extension of the aforesaid authority vested in the Board of Directors empower

ing it to increase the Bank's share capital be effected in such a manner that it includes the issue of employee

snares.

If this recommendation for the issue of employee shares be adopted, paragraph (iii) of subarticle (2) of Article Three shall be amended so that the words "warrangs attached" be followed by the word

and a new paragraph be inserted as paragraph (iv) which shall read:

win the form of new shares for up to twenty million Danish kroner which shall be offered to the employees of the Bank and its wholly-owned subsidi-aries on terms to be fixed by the Board of Directors inchaing a subscription price which shall not be lower than 105. These shares shall be subject to the provi-sions of the Danish Tax Act and the regulations governing employee shares as laid down by the Danish Minister of Taxes."

The unanimous recommendation of the Share-holders' Council that, pursuant to the registration of the Bank's shares with the Danish Securities Centre (Verdipapircentrales), such articles incorporated in the Bank's Articles of Association as provide for share certificates be amended accordingly.

If this recommendation for the amendment of the Bank's Articles of Association be adopted, Article First shall be amended to read:

Five shall be amended to read: "The Bank's shareholders dend through the Danish Securities Centre in accordance with the regulations governing such payments at the material time",
and Article Six shall be amended to read:

"The Bank's shares are negotiable instruments. They shall be issued to bearer but may be registered by

name in the Bank's Register of Shares.

Any shares which have not been registered with the Danish Securities Centre, coupon sheets, individual coupons, scrip, warrants and part-certificates which are notified as loss, may be declared null and word without prior judicial decision pursuant to the relevant rules in some at any time.

Coupons pertaining to share certificates which have not been registered with the Danish Securities Centre shall be considered null and word where more than five years have elapsed since the date on which the attached dividend first fell due for payment. Unclaimed dividend shall be transferred to the Bank's reserves in any manner which the Board of Directors shall think fit."

F The unanimous recommendation of the Share-holders' Council to change the frequency of meetings

of the Board of Directors.

If this recommendation for the change of the frequency of meetings of the Board of Directors be adopted, subarticle (i) of Article Twenty-four shall be amended so that the words "every two weeks" be replaced by "every month".

The unanimous recommendation of the Share-holders' Council that the employment terms and con-ditions of the office of general manager shall be deter-mined by the Board of Management.

If this recommendation for the determination by the Board of Management of the employment terms and conditions of the aforesaid office be adopted, subarticle (4) of Article Twenty-five shall be amended so that the words "general manager" be deleted.

The unanimous recommendation of the Share-holders' Council to empower the Board of Directors to make such amendments to the Articles of Associa-tion as the Danish Supervisory Authority of Financial Affairs and the Danish Commerce and Companies Affairs and the Daniel Commence and Companies
Agency may require before they can duly confirm/
register the amendments to the Articles of Association
which are recommended under items (c), (d), (e), (f),

Section Forty-eight of the Danish Companies
Act provides that a company shall be permitted to acquire its own shares only if the Board of Directors has
been so authorised by the shareholders in general
meeting. Such authority shall be specified in time, and
shall not be valid for more than eighteen months.

Like other banks, the Bank has always, as part
of its ordinary activities, readed in shares including its of its ordinary activities, traded in shares including its own shares, and intends continuing to do so.

Accordingly, the Board of Directors shall request the shareholders in general meeting to authorise it as follows in accordance with the provisions of the

aforesaid Section:
"Until the Annual General Meeting of Share-holders in 1990, the Board of Directors shall be empowered to acquire the Bank's own shares as its absolute property or by way of pledge, always provided that the Bank's portfolio of its own shares, at no time, shall exceed ten per cent of its subscribed share capital. The consideration may not differ by more than ten per cent from the officially quoted price at the time of the acquisition."

The proposal of a shareholder for Articles Two. Three, Five, Six and Ten of the Bank's Articles of Association to be amended so that the Bank will not enter into contracts with capital investors or cus-tomers who fail to meet the standards of good busitomers who fail to meet the standards of good business conduct, or fail to have the stand of good business conduct, or fail to have the stane democratic Articles of Association as the Bank, or who engage in speculation business. The further proposal that the Bank's shares shall be registered by name, that their value shall be determined by the shareholders in general meeting, that they may be traded only within the period beginning seven days after and ending twenty-one days after the date of a general meeting, that the Bank's Register of Shares shall be available for inspection by the Bank's shareholders, that such shareholders of the Bank's have disposed of their shares or of any part thereof shall not be permitted to acquire new shares within a period of twelve months from the date of such disposal, that notices of general meetings shall be made in writing and appear in the Danish national newspapers – and, for consideration, the Group's shareholdings.

The proposal of a shareholder that such share-holders as have their shares negretared by name shall be exempted from paying such charges and fees for state-ments of account and exchange of foreign currency as

Election of members to the Shareholders'

The term of office as prescribed by the Articles of Astion has expired for Mr. Aage Knudsen Mr. Jarn Kristensen Mr. Frants Axel Lassen

Mr. Axel Schu Mr. Knud Koch Jensen

At his own request,
Mr. Erik Henning Thoke
will resign as a member of the Shareholders' Council. rd of Directors proposes the re-election of: Mr. Frants Axel Lassen Mr. Axel Schur Mr. Knud Roch Jensen

The Board of Directors proposes the election of Mr. Anders Hallen Pedersen to the Shareholders' Council for the period 1989-1993, The Board of Directors proposes the election of Mr. Anders Hallen Pedersen to the Shareholders' Council for the period 1989-1992

Mr. Arne V. Jensen Mr. Henry Penersen e Shareholders' Council for the period 1989-1993.

M Election of State-authorised Public Accountains

(emernal auditors).
It is proposed to re-elect Revisions og Forvalmingsinstitutet Aktie-Centralanstaiten for Revision

Pursuant to subarticle (2) of Article Fifteen of Pursuant to subarucle (2) of Article Fifteen of the Articles of Association and Section Seventy-eight of the Danish Companies Act, the adoption of the resolutions for amendments to the Articles of Association, set forth under items (c), (d), (e), (f), (g), (h), and (f) of this Agenda, is subject to a majority of votes in favour representing two-thirds of the votes cust and of the share capital emitted to your and present at the control meeting.

general meeting.

The adoption of the resolutions for amendments to the Articles of Association, set forth under item (i) of this Agenda, is furthermore subject to the presence of not less than two-thirds of the share capital at the general meeting.

Any person being able to identify himself as a shareholder may obtain an admission card on application to the Bank's Head Office, 2, Holmens Kanal, DK-1091 Copenhagen K., Denmark, during normal business hours, between February 28 and March 3, 1989. Alternatively, admission cards may be obtained from N.M. Rothschild & Sons Lnd., PO.Box 185, New Court, St. Swithin's Lane, London EC4P 4DU or from our London Branch, 18 Cannon Street, London EC4M 6GB.

Shareholders, whose shares are entered by name in the Bank's Register of Shares, will receive the Agenda Paper and the Annual Accounts through the post at the address stated in the Register. Other shareholders may on application to any office/branch of the Bank, and to N.M. Rothschild & Sons Led. on or after Calman. 28, 1999. https://doi.org/10.1009/j. February 28, 1989, have the aforesaid Agenda Paper and Annual Accounts sent to them.

> Copenhagen, February 15, 1989 Board of Directors Copenhagen HandelsBank A/S ktieselskabet Kjoebenhavus HandelsBank)

Copenhagen HandelsBank A/S ( Aktieselskabet Kjøbenhavns Handels@ank)

### Wardair to lay off 500 employees

By David Owen in Toronto

WARDAIR, the troubled Canadian airline recently canadian anime recently acquired by Calgary's PWA Corporation, is to lay off at least 500 employees, including some management, as part of a comprehensive restructuring plan to be implemented in

coming months.

This week the airline reported a huge C\$57.7m (US\$48m) operating loss for 1988. The announcement continues a spate of redundancy notices that has swept Canada since the Conservative election victory in November.

The staff cuts presaged by yesterday's announcement will be made in the Toronto area. Further lay-offs at other loca-tions are possible at a later date, according to Wardair.

The company said the redundancies are a direct result of its decision to reduce its fleet in an attempt to cut costs and ensure its survival. Non-management employees total about

wardair has already indi-cated it will not be taking delivery of a number of MD88-and Airbus A310 aircraft which it had on order. Nor will it replace A300s and DC-10s that are scheduled to leave the

The company said this week that it expected to receive about C\$65m in cash on the closing of agreements to sell future aircraft delivery rights. Aircraft sales have produced extraordinary gains of C\$64.7m in the company's last two fis-

### Richardsons drop search for partner

By Robert Gibbens in Montreal

THE RICHARDSON family, of Winnipeg, has dropped its search for an international partner for Richardson Green-shields of Canada, the country's largest remaining inde-

pendent securities firm.
Last December, Richardson
Greenshields, 75 per cent
owned by the Richardson family and 25 per cent by its employees, hired Morgan Stan-ley of New York, to find a partner, such as a bank or insur-ance group. The company had moved heavily into retail busi-ness and has had difficulty

recovering from the 1987 crash Both family and manage-ment were willing to sell control, preferably to a foreign institution, but only three potential bids came anywhere near the asking price of around C\$170m (U\$\$142m), or twice book when for the controlling book value for the controlling



For the interest period 28th February. 1989 to 31st May, 1989 the Class B-1 Notes will bear interest at 13.7625% per ansum, Interest payable on 31st May, 1989 will amount to £3,468.90 per 100,000 Note. The Class B-2 Notes will bear interest at 13.9375%, per will bear interest at 13.9375% per amount. Interest payable on 3 list May, 1989 will amount to £3,513.01 per £100,000 Note. Agent Bank: Horgan Guaranty Trust Company of New York

### Air Canada improves in quarter By David Owen

AIR CANADA, the largest

Canadian airline, yesterday reported sharply improved fourth-quarter earnings, despite engaging in a damag-ing fare war with its two principal competitors.

On an annual basis, how-ever, the Montreal-based carrier's profits falled to attain the C\$100m (US\$83m) thresh-hold targeted in a share issue prospectus last autuma.

The airline, still owned 55 per cent by the Federal Government, was partially privatised last October in a C\$250m

In the latest quarter, the company's earnings reached C343m or 71 cents a share, compared with a loss of C\$73m or C\$1.78 a year earlier. The latest figure includes a C\$3m extraordinary charge, while year-ago losses were partly attributable to a machinists'

Operating revenues for the three months climbed to C\$805m - a rise of 28 per cent from depressed 1987 levels. In the year to December 31, net income, including the extraordinary charge, was C\$96m or C\$2 a share, compared with profits of C\$46m or

pared with promes of Carom of C\$1.11 a year ago on revenues up to C\$3.4bn from C\$8.1 bn. In morning trading in Toronto, Air Canada stock rose by C\$2 to C\$12, still below the C\$12½ high attained last week. After languishing for months at or below the C\$8 issue price, the shares have soared in response to the

announced takeover of Wardair by PWA Corporation, parent of Canadian Airlines Inter-national. The move is thought likely to lead to higher fares. The airline said its passenger load factor increased mar-ginally in 1988 to 71.4 per cent from 71.1 per cent.

# **American Barrick shows** record revenue and profit

By Kenneth Gooding, Mining Correspondent Barrick, which is based in

AMERICAN Barrick Resources, which is rapidly becoming one of North Amer-ica's largest gold producers, yesterday reported record production, revenue and earnings for 1988.

for 1988.

Mr Robert Smith, president, also revealed that, via gold-linked financing and price hedging programmes, Barrick had secured a minimum average price of US\$434 a troy oz for about 75 per cent of its gold output, over the next three. output over the next three years. The price in London recently has been between \$390

recently has been between \$390 and \$400 an oz.

Mr Smith said Barrick had retained "significant upside potential should gold prices increase." More than 90 per cent of this year's gold production — targeted to be 440,000 oz — had been hedged at an average minimum of \$437 an oz.

Toronto, said its net income last year jumped by 53 per cent to C\$37.5m (US\$31m) or 63 cents a share, fully diluted, compared with C\$24.5m or 46 cents in 1987. Revenue rose by 52 per cent to C\$181.5m, from C\$119.7m.

Gold production increased by more than 50 per cent to 341,000 oz from 225,109 the previous year, and Barrick's gold reserves increased to 18.5m oz, up from 13m at the end of 1987.

or 1987.

Barrick has interests in seven producing gold mines in North America and recently revealed a US\$365m development plan for the Goldsrike mine on the Carlin Trend in Nevada which is expected to help boost the company's annual production to 1.1m ounces by the end of 1992.

### **Inspiration Resources** lifts earnings by 69%

By Kenneth Gooding

INSPIRATION Resources, the North American diversified natural resources group 56 per cent owned by Minorco, part of Mr Harry Oppenheimer's South African empire, reported a 69.4 per cent increase in net income for 1988, from US\$24.8m or 38 cents a share to \$42m or

The group was founded in 1983 through a reorganisation of the assets of Hudson Bay Mining and Smelting of Can-ada and its 50 per cent-owned subsidiary, Plateau Holdings. It showed its first profit

in 1986. Mr Reuben Richards, chairman, says the 1988 results reflect record earnings at IRC's

agricultural division and strong year-end results at its Canadian base metals operations. Both these businesses are expected to improve their results significantly this

year, he adds. Revenue last year reached \$1.4bn, against \$1.3bn. Net income in 1988 included a income in 1988 included a \$26.7m gain on the sale of IRC's US copper sushsidiary in July, plus a \$3.5m net gain on the sale of certain leased assets. In 1987 gains totalled \$28.5m.

At the operating level IRC's Terra agricultural operations

showed earnings of \$25m on revenue of \$850.7m, against a loss of \$3.4m on revenue of \$692m in 1987.

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We Are Pleased to Announce the Formation of

### Vouté Coats Stuart & O'Grady L.P.

Investment Firm

William J. Vouté, Chairman E. Craig Coats, Jr., Vice Chairman Ronald M. Stuart, Vice Chairman

Paul J. Devlin, Jr., Managing Director Gilbert L. Leiendecker, Jr., Managing Director Adam Lerrick, Managing Director Jay L. Vodofsky, Managing Director Leeda J. O'Grady, Director

Vouté Coats Stuart & O'Grady L.P.

3 Pickwick Plaza Greenwich, Connecticut 06830 Telephone (203) 622-6300 FAX (203) 622-6363

March 1, 1989

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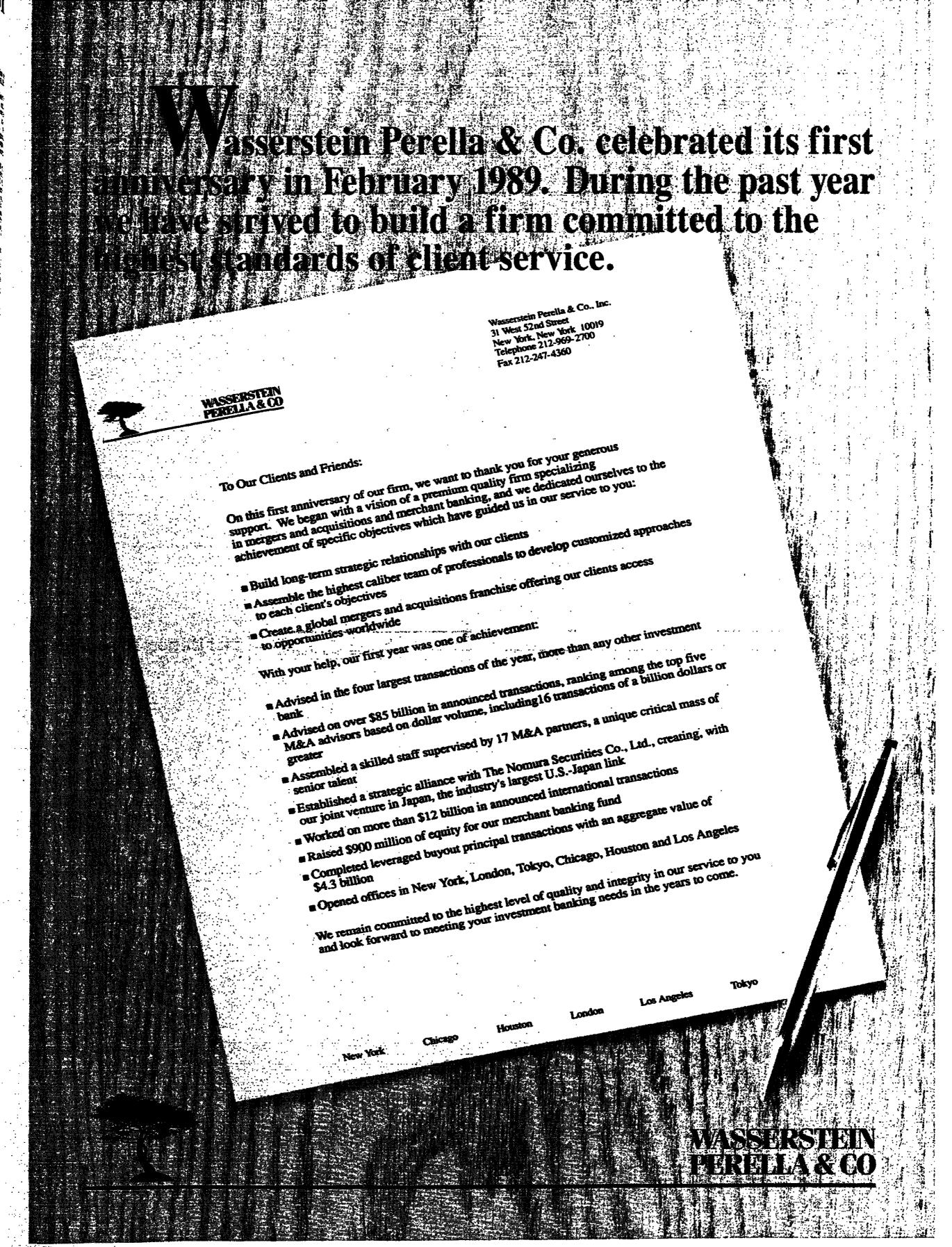
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### Loehmann's Holdings, Inc.

a newly formed private company has acquired

Loehmann's, Inc.

from

### The May Department Stores Company

We initiated, structured and led the equity financing for this transaction.

Sefinco Ltd.

Entrecanales Inc.

**Sprout Group** 

Donaldson, Lufkin & Jenrette

February 13, 1989

This announcement appears as a matter of record only

### MESSETURM

Kajima Europe MesseTurm B.V., Amsterdam Wholly-owned by Kajima Europe B.V. Amsterdam, the European operations subsidiary of Kajima Corporation, Tokyo, Japan

Tishman Speyer GmbH & Co. MesseTurm KG Formed to construct and own a 64,000 square meter, 70-story office building in Frankfurt, Federal Republic of Germany

As a Limited Partner

The undersigned acted as financial advisor to Tishman Speyer GmbH & Co. MesseTurm KG in this transaction.

January 1989

Citibank, N.A.

Cebonk N.A., a subsidiary of Citicom

CITICORP 4°

Notice of adjustment of Conversion Price THE MITSUI BANK, LIMITED US\$100,000,000 2% % Convertible Bonds Due 2001 Notice is hereby given persuant to Condition 4(c)(xill) of the captioned Bonds has been the captioned Bonds has been editested as a result of issue of state. yen 1,018.30 (the original Conversi Price of Yen 1,019 is deemed to be December, 1967)
Fact Requiring Adjustment:
Issue of additional 50,000,000 states
for a consideration per share less than
the current market price thereof.
Conversion Price after Adjustment:
Ven 1 017-20. Conversion Price after Adjustment Yen 1,017.20. Effective Date: 1st March, 1989 The Mitsul Bank, Limited 1st March, 1989

Notice of adjustment of Conversion Price THE MITSUI BANK, LIMITED US\$299,000,009 274 % Convertible Bonds Due 2003 Bonds Due 2003

Notice is hereby given pursuant to Condition 4(c)(xiii) of the captioned Bonds that the Conversion Frice of the captioned Bonds has been adjusted as a result of issue of shares, as follows:

Conversion Price bettere Adjustment: Yen 2.457 Fact Requiring Adjustment: Issue of additional 50,000,000 shares for a consideration per share less than the current market price thereof. Conversion Price other Adjustment Yes 2,454.40. Effective Date: 1st March, 1989 The Milesai Banck, Limited 1st March, 1989

### **NEC Corporation**

(Nippon Denki Kabushiki Kaisha) (The "Company")

£30,000,000

5% per cent. Convertible Bonds Due 1996 (The "Bonds")

Adjustment of conversion price

Notice is hereby given to the Holders of the Bonds that:-1. On 21st February, 1989 the Company issued \$700,000,000 41/s per cent. Bonds 1993 with warrants to subscribe for shares of common stock of the Company, upon exercise of which shares of the Company will be issued at Yen 1,948 per Share,

2. As a result of such issue the conversion price of the Bonds has been adjusted, in accordance with condition 5(c) (vi) of the terms and conditions of the Bonds, from Yen 647.60 to Yen 646.40 per share, with effect from 21st February, 1989.



The Sumitomo Bank, Limited Principal Paying and Conversion Agent

Notice to Warrant Holders of EAGLE INDUSTRY CO., LTD.

> US\$ 17,000,000 1%% Bonds due 1992

With Warrants to Subscribe For **Shares of Common Stock** 

Pursuant to clauses 3 and 4 of the Instrument dated 18th June, 1987 in connection with warrants issued with 176%. Boards due 1992. Notice is hereby given as follows.

(1) On 6th February, 1989 the Board of Directors of the company will resolve to make a free distribution of shares of common stock of the company to be made on 15th May, 1989 to shareholders of record as of 31st March, 1989 (Tokyo time) at the rate of 0.05 new share for each one share so recorded.

(2) Such a free distribution will result in an adjustment of the a) Subscription Price before adjustment: Yen 681.30,
 b) Subscription Price after adjustment: Yen 648.90.
 c) Effective Date: 1st April, 1989 (Tokyo time).

Eagle Industry Co. Ltd. By The Long-Term Credit Bank of Japan Ltd. Principal Paying Agent Ist March, 1989

### Denmark

The Financial Times proposes to publish this survey on:

5th April 1989

For a full editorial synopsis and advertisement details, please

on 01-248 8000 ext 3699

or write to him at:

Bracken House 10 Cannon Street London EC4P 4BY

or contact

Mikael Heinio Financial Times Ostergade 44 DK-I100 Copenhagen Denmark Tel: (01) 134441

**FINANCIAL TIMES** 

### CITICORPO MORTGAGE SECURITIES, INC.

REMIC Pass-Through Certificates, Series 1987-13 US\$57,057,000 Initial Stated Amount of Class A-1 Citicertificates

For the period 1st March, 1989 to 1st June, 1989 the Class A-1 Citicertificates will carry an interest rate of 11.0625% per annum with an Interest amount of US\$25.84 per US\$1,000 (the Initial Stated Amount of an individual outstanding will be 93.43305580% of the Initial Stated Amount of the Citicertificates, or US\$934.33 per individual Citicertificate until



### INTERNATIONAL CAPITAL MARKETS

# Mood lightens with deals to satisfy retail demand

SENTIMENT IMPROVED slightly in Eurobond markets yesterday as several deals yesterday as several deals emerged to meet specific retail demand. As expected, short-dated US dollar and Ecn bonds were launched with yields aimed at European investors. "Placement power to specific pockets of demand is the key to success in these conditions,"

commented one trader. Exxon Capital Corporation tapped the market with a \$250m two-year issue brought by Credit Suisse First Boston. The bonds carry a 10 per cent coupon and were priced at 101.025 to yield 20 basis points over the equivalent US Trea-

sury.

A CSFB official said the deal was effectively a debut issue for Exxon, which has previously borrowed only in the Australian and Canadian dollar one-year areas. "In a ner-yous and fragile market, a household name offering a 10 per cent coupon represents the sort of safe haven investors are looking for," said the offi-

Although some houses thought the pricing was tight, the majority said it was spot on and that the issue had been well handled. One other house is thought to have bid the

same terms for the mandate. The bonds were syndicated by a small group with a strong Swiss flavour and by the close of London trading the lead manager had only a fraction of its own \$160m allocation unsold.

### INTERNATIONAL BONDS

CSFB was quoting a price of less 1.05 bid, inside fees of 1% per cent, although a late market price was less 1.20 bid. However, the official said that the issue would be seen primarily as an investment, rather than as a trading vehicle, and that the price was not particularly relevant. The issue proceeds were not issue proceeds were not swapped.

Sumitomo Finance International was the lead manager of a \$125m two-year deal for Swedish Export Credit (SEK), which carried a coupon of 10% per cent and was priced at 101.10 to yield 41 basis points over the 9% per cent US Treasury maturing in February 1991.

The bonds were quoted by the lead manager at less 1% bid, a discount equivalent to

co-managers' fees. A member of Sumitomo's syndicate team said that the deal was based on a special situation, but declined to elaborate. However, there was speculation in the market that a favourable swap had been arranged into float-ing-rate US dollars. SEK is thought to have achieved its required funding rate of around 65 basis points below

Libor. Two small Ecu-denominates deals were launched, both of which were aimed largely at Swiss demand and were said by the market to be well-

Swiss Bank Corporation was the lead manager of an Ecusion deal for the European Eco-nomic Community, which came with a coupon of 9% per cent, and an Eculoum deal for Crédit Local de France was

brought by Credit Lyonnais with a coupon of 9% per cent. Late in the day, Nomura International launched a Y10bn issue for Compagnie Bancaire. The 10-year bonds carry a 5.3 per cent coupon and are callable after three years at par on a once-only basis. The deal was aimed at Far Eastern demand and was compared by the lead manager to the recent US dollar callable issues.

Borrower US DOLLARS	Amount m.	Coupon %	Price	Heterity	Foos	Book rumer
Exxon Capital Corp.(a)	250	10	101.025	1991	11/2/34	CSFB
Swedish Export Credit(a)	125	104	101.10	1991	14/5	
Vissho Iwai Corp.(b)+6	400	414	100	1993	24/15	Nomura Int.
Vissho Iwal Corp.(c)₽◆	400	418	100	1993		Nikko Secs. (Europe)
ECUs .						-
Credit Local de France(a)◆	100	934	10112	1992	15/3	Credit Lyonnais
uropean Community(a)	60	91/2	101½	1992	13/3	Swies Bank Corp.
Compagnie Bancairs(d) ♦	10bn	5.3	101%	1999	2713	Nonjura int
IWISS FRANCS					_	
Komatsu Forklift Co.(e)	70	(1 <sup>3</sup> 6)	100	1994	n/a	SBC
rokogawa Bridge Wks(f)\$##	80	( <sup>1</sup> 2)	100	1994	n/a	Credit Suisse
foshiba Battery Co.***  Final terms fixed on:	10	2-2	100	1994	p/a	Credit Suisse
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### **Creditors** meet on Brazilian debt crisis

By Ivo Dawnay In Rio de Janeiro

BRAZIL'S commercial creditor banks were due to meet in New York last night in a bid to surmount a longstanding obstacle to the disbarsement of the \$600m second tranche in its \$5.2hn debt rescheduling package signed last year.

At issue is a clause requiring agreement between Brazil and the World Bank on a \$500m power-sector loan before new commercial bank funds can be released.

The power loan, aimed at

funds can be released.

The power loan, aimed at restoring financial viability to the deeply indebted sector through, in effect, balance of payments support, has badly poisoned relations between Brasilia and the World Bank.

The 16-member bank advisory committee, which negotiates for Brayil's commercial

ates for Brazil's commercial bank creditors, is now believed to be close to agree-ing a special waiver, exampt-ing the country from completing the power loan agreement.
If the International Monetary Fund (IMF) also endorses Brazil's latest economic austerity plan, introduced in January, the country's failure to meet targets on its public-sector deficit may also be brushed

cleared for release.

An official of the World that the institution would have no objection to the "de-linkage" of the power-sector loan to the commercial credi-tors' package.

"The World Bank has abso-male up difficulty with any

lutely no difficulty with any de-linkage," he said. Just five months after agreement on the rescheduling package for Bra-zil's \$68bn in commercial bank debt, tension is again mount-ing in its relations with credi-

On his return from Emperor Hirohito's funeral in Tokyo this week, President Jose Sar-ney lambasted the country's litors in uncharacteristi-

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cally tough language.
The country could not contime to be an exporter of capi-tal, he warned, adding that while he did not want confron-tation "this situation is impossible to defend."

sible to defend."
Singling out the World Bank for specific attack, Mr Sarney said that if agreements on new loans were not reached the country would be paying out \$1.7hn in interest and principal to the Bank while receiving only \$200m in new loans.

Such figures are certain to be disputed by the Bank, which is scheduled to disputse some \$1.4bn in investment loans this year, alongside a potential additional \$1bm in funds for the power and finan-

cial sectors. However, major problems remain with the \$500m of these latter loans targeted for the power sector.

Under negotiation since early 1987, the power-sector loan had to be renegotiated due to macro-economic changes made in former finance minister Luis Carlos Bresser Pereira's austerity package.

It was then further compli-

cated by the Brazilian Government's decision last year to take its nuclear energy pro-gramme under the wing of Eletrobras, the state energy utility to which the loan is targeted.

talists and the US Treasury have always prevented the Bank agreeing any loans that could be seen as supporting atomic power programm Consequently, Brasilia now has an awkward choice of once again distancing the nuclear programme from Rietrobras,

and thus losing face, or losing the new funding.

To make matters worse, the introduction of a new austerity plan this January means that macro-economic issues will also have to be reviewed once more, making any prospect of the loams approval unlikely for several months.

World Bank officials are due
to visit Brastila next week.

### **News Corp gets** lower rating

AUSTRALIAN RATINGS, the private credit service, said it had downgraded News Corp, Mr Rupert Murdoch's international publishing group, Reuter reports from Melbourne. News Corp fell one place on the agency's 18-level listing to BBB-minus from BBB, as did its wholly-owned subsidiary its wholly-owned subsidiary News Ltd. Commercial paper issued by News Corp subsidiaries retained a B-one rating on a separate five-level scale.

Australian Ratings said the review was made before News Corp reported a 14.6 per centrise in equity-accounted interim net profit to A\$260.34m (US\$207.28m) and reflected uncertainty over the company's debt reduction.

An Australian Ratings spokesman said the interim profit improvement would not have influenced the rating

### INTERNATIONAL CAPITAL MARKETS

# Treasuries continue to stabilise

By Janet Bush in New York and Katherine Campbell in London

ebt crisis DS TREASURY bonds yester-day continued to consolidate after last week's substantial losses, showing little reaction ing testimony repeated views expressed in the Humphrey-tine hearings. He repeated to news that fourth-quarter GNP growth had been left unrevised, but that the implicit price deflator had been revised sharply higher.

At midsession, bonds registered small gains. The Treaters have been been been to be a supply higher.

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### GOVERNMENT BONDS

was quoted & point higher and its yield dropped to 9.12 per

The market absorbed yester-day's fourth-quarter GNP revisions fairly quickly, first failing but then recovering, and then attention turned to more testimony by Mr Alan Green-span, chairman of the US Fed-

rail Reserve, before the Senate Budget Committee.

The GNP figures defied expectations. Growth itself was left unchanged at 2 per cent against forecasts of an upward revision to as much as 26 per cent, while the implicit price deflator was revised up to 5.3 per cent from 47 per cent, a much larger revision than had been expected.

The news was both positive and negative, with growth slower than anticipated but inflation higher. On balance, the figures left the way for bonds to move higher because concerns about higher inflation are already partly built into

prices.

Mr Greenspan said that the

adjustments were essentially

Hawkins hearings. He repeated concurns about higher inflation and calls for action on the defi-

Fed Funds opened at 9% per cent, the level some Fed watchers believe the central bank is now targeting.

Economists at Drexel Burnham Lambert commented that the market was still not priced to a Fed Funds rate of 9% per cent and the front end of the market was likely to move up in yield more than long maturi-ties, further steepening the yield curve.

FEARS THAT the Bundesbank will raise rates at tomorrow's formightly meeting receded somewhat, as slightly betterthan-expected domestic in-flation figures and con-tinued weakness of the dollar eased pressures tempo-

Cost of living figures for February gave an unchanged yearly increase of 26 per cent. This helped the bond market as dealers covered short positions and some retail buyers were also sighted, particularly among 5-year maturities, where prices have dropped sharply and have largely discounted a rise in the Lombard emergency funding

One popular strategy recently has been writing put Mr Greenspan said that the options on German bonds. fourth-quarter figures provided Because the volatilities no significant new economic are high, at up to 11 information and said that the per cent, put writers can take in a relatively high.

If yields rise to 7.15 per cent or so, they will get stock put back to them, but at that price they are happy to own bonds on the betting that yields are unlikely to rise much above 7.25 per cent.

THERE WAS distinct calm over the UK government bond market yesterday as dealers squared positions ahead of the January trade fig-

A similar psychology per-vaded the foreign exchange markets where sterling stayed boxed in a fairly narrow range. The jitters about today's figures have been sufficiently acute that almost any number will be greeted with relief, dealers argued. The market consensus for the monthly defi-

On Liffe, where the June long gilt contract now trades more actively than the March future, the market closed 4 ticks firmer on the day at

THE FRENCH market perked up considerably, echoing Ger-man sentiment of slightly reduced interest rate pres-sures, and on technical short

On the Matif, the French futures exchange, where the bulk of business was seen, the 10-year March contract advanced 90 points to close on the official market at 104.12 and steamed on in after-hours trading, too.

tions have been modified slightly, allowing primary dealers some extra flexibility. They have been given an extra half hour's grace to submit bids on Thursday morning — until 10.30am, helping UK investors over the one-hour time differ-

They also now have until Friday afternoon to decide whether to take up their noncompetitive bids - the allowance of stock allocated at the auction's average bid

THE AUSTRALIAN market's reversal yesterday flummoxed traders who were at a loss to explain why bonds had gained almost 30 points in the futures market when the currency was persisting lower on confusion over official policy.

The March 10-year contract which had opened at 86.06 advanced to 86.33 by the close and yields on the 10-year benchmark finished at 13.60 per cent, compared with 13.80 per cent in London the previous evening.

Dealers said that while such

a market move normally sparked retail interest, almost none had been seen on this occasion. They hazarded a guess that technical factors, including option-related activity, might have been a major factor.

Options trading can be quite sizeable - on the exchange the notional underlying amount of options on the 10-year future is often A\$300m, where total cash market turnover ranges from Terms on tomorrow's auc- A\$1bn-A\$2ba.

# Lebanese bank's French

ese banking regulations. The French banking commis

sion announced the appointment of Mr Jean Durame to liquidate BPP, which it said presented a balance sheet totalling FFr900m (\$145.6m), with French franc deposits of FFr192m.

These decisions sanction the profound degradation of the establishment's financial situation," the commission said in a statement yesterday.
"Because of the size of its compromised loans to the Intra group ... the Banque de Participations et de Placements suffered from seriously inade-quate healthy assets."

ill the Euromarkets the market in the first place. In area has only just begun. Howsurvive 1992? The addition, since the dollar ever, the proposals put forward ever, the proposals put forward accounts for two-thirds of the two weeks ago by Mrs Christian and the survival and the survival accounts for two-thirds of two-thirds tiane Scrivener, the EC taxa-tion commissioner, specifically exempt Eurobonds from withholding tax in order to avoid driving the Euromarkets out of

r Levich said the location of the Euro-markets would be dic-

or where regulation was

tated by the net regulatory burden in individual countries

lightest. Although he expects 1992 to unleash strong competi-

tion among EC financial cen-tres to produce a convergence of regulation, he predicts that

national politics and sover-

eighty will continue to play a role. This means that the regu-latory burden for some individ-

ual country markets could remain higher than others, ensuring that these attract the offshore markets. He cites Lux-

the Community.

the EC. Mr Richard Levich, professor The third was disclosure where, again, practices vary widely between compulsory of finance and business at New York University Graduate reporting of interest and divi-School of Business Administra-tion, said there were three dend payments (in countries such as Denmark) and statutoaspects of policy that could have a critical impact on the rily-protected secrecy (Luxem-

Euromarkets face uncertain fate

David Lascelles on the danger posed by 1992's regulatory harmony

Euromarkets post 1992. The first was reserve requirements on bank deposits. These currently range from zero in countries such as Belgium, Denmark and Luxenbourg to 15 per cent or more in Italy, Portugal and Spain. Yet because reserve requirements are viewed as an instrument of monetary policy, they are exempted from the harmonisa-tion of bank regulation for 1992. Although central banks will face competitive pressures to bring down the requirements, they will remain a fea-ture of individual markets. The second was taxation. Current sharp differences between taxation and withholding practices in member countries have a strong influ-

total market, a substantial seg-ment of it will be unaffected.

tainty about the future for off-shore markets in member

states' own currencies within

However, there was less cer-

embourg in particular.
However, if the EC's net regulatory burden comes out too high, the highly mobile Euro-markets could migrate to Swit-zerland, Liechtenstein or the ence on the location of the Euromarkets, with countries such as the UK and Luxembourg enjoying distinct advan-tages. The debate about har-monisation of practices in this international banking facilities (IBFs) in the US.

the Stern School of Business at New York University, Mr Ingo Walter and Mr Roy Smith. argued strongly that national capital markets within the EC would not displace the Euromarkets after 1992. Rather, they expected to see them con-

verge.

After 25 years of activity. the Euromarket has become the single most important mar-ket for corporate issues in Europe," they said. While it was created by regulation, it had also become the most techpically-developed market in Europe, "Much more likely than the decline and collapse of the Euromarket as a consequence of the 1999 initiatives is therefore the emergence of a new intra European integrated financial market-place that is built upon and encompasses both the domestic markets and the Euromarket of today."

Ironically, financial referm in the US could have a greater impact on the Euromarkets than developments in the EC itself. If the US continues to lower barriers to banking activity in the corporate band market and takes measures to encourage the growth of IBFs. part of the Euromarkets could migrate across the Atlantic

On the other hand, the continued growth in intra-Euro-pean trade that is expected to result from 1992 will increase the need for companies to held foreign currencies, adding further impetus to the Euro-cur-Two other professors from rency markets.

# CMB receives Ecu loan

By Norma Cohen

company formed by the merger between Metalbox Packaging and Carnaud, has received an Ecusion five-year multi-option

Bankers Trust International is arranger along with National Westminster Bank and Société Générale of France. Of the total amount, Ecu590m is committed, with the remaining portion uncom-

Maximum margin for the loan is set at % over London panel.

CMB PACKAGING, the company formed by the merger or eligible bank bill rates for acceptances. There is a facility fee of a and a utilisation fee of a if more than half of the committed facility is

> The facility includes a multi-currency committed facility for advances and acceptances, a committed swingline facility and an uncommitted short-term advance or accep-tance facility with tender

•	Coupon	Red Date	Price	Change	Yleid	Week ago	Month ago
UK GILTS	13,500 9,750 9,000	9/92 1/98 10/08	107-28 97-28 99-01	+7/32 +8/32 +7/32	10.78 10.11 9.10	10.54 9.88 8.97	10.25 9.76 8.98
US TREASURY	8.875 9.000	11/98 11/18	96-30 98-13	+6/32 +6/32	9.36 9.15	9.23 9.10	8.92 8.74
JAPAN No 111 No 2		6/98 3/07	97.3044 107.5826	-0,216 -0,104	5.03 4.91	4.86 4.81	4.80 4.77
GERMANY	6.375	11/98	96.0000	+0.275	6.97	6.91	6.68
FRANCE BTAN OAT	8.000 8.125	1/94 5/99	94.7703 92.9800	+0.383	9.37 9.20	9.39 9.11	8.65 8.50
CANADA *	10.250	12/98	98.2500	+0.125	10.54	10.35	9.96
NETHERLANDS	6.7500	10/98	97.1250	+0.150	7.25	7.12	6.80
AUSTRALIA	12.000	7/98	91.0363	+1.142	13.62	13.90	12.88

# offshoot to be liquidated

By George Graham in Paris

ity's plans to remove all inter-

nal barriers to capital flows

and to harmonise financial reg-

ulation among the 12 member states could, some people

believe, have a profound

impact on the international

over the last two decades by providing offshore conduits for

capital, free from the con-

straints of individual coun-tries' regulations and tax. How-

ever, as differences between

countries' practices disappear, so too could the Euromarkets'

naison d'être. The consequences of this for London in particu-lar, the home of the Euromar-

kets, would be severe.

This issue was addressed at

a recent conference at INSEAD, the business school in Fontainebleau. The broad

conclusion was that the Euro-markets did not face imminent

demise, for two reasons. One

was that their present enor-

mous size, about \$2,200bn net,

was such as to give them a life of their own. The other was

that sufficient regulatory dif-ferences would remain to

ensure the Euromarkets' sur-

There seems little doubt that

the market for Eurodollars at least will continue because the

EC's harmonisation plans will

not alter the regulatory and tax differences between the EC

and the US, which gave rise to

These markets have thrived

capital markets.

FRANCE'S banking authorities yesterday withdrew the banking licence of Banque de Par-ticipations et Placements, an offshoot of Al-Mashreq bank of Lebanon, which collapsed in December in the midst of accusations levelled at its chairman Mr Roger Tamraz.

Mr Tamraz, who as bead of the partly state-owned Intra Investment Company gained control of around 22 per cent of the Lehanese banking sector, was accused by the Beirut banking authorities of using short-term deposits from Mash-req and other banks to finance long-term investments, in contravention of Lebandominate M&A market By Norma Cohen

Three securities firms

MORE THAN 70 per cent of all cross-border mergers and acquisitions in 1988 were handled by just three international securities firms, the top two of which were American, according to data compiled by IFR

Publishing.
In 1988 Goldman Sachs cornered 20.48 per cent of the market in mergers and acquisi-tions, acting in 30 bid situations valued at \$39.38bn. Shearson Lehman Hutton had 17.52 per cent of the market, acting in 24 situations, while the combined firms of Credit Suisse and the Credit Suisse First Boston Group acted in 21 situations representing 16.71 with 6.91 per cent.

per cent of the market. The three firms together acted in 95 bid situations with a total value of \$81.17bn, excluding in-house deals.

The same three institutions

hold the top ranking positions for advisers to target companies in bid situations In a ranking of advisers to bidder companies, SG Warburg is in first place. The UK merchant bank handled 16.21 per cent of the total value of all transactions for bidder companies with a value equal to \$24.06bn. Morgan Stanley is second with 7.26 per cent and National Westminster third

### **LONDON MARKET STATISTICS**

### FT-ACTUARIES SHARE INDICES

These ludices are the joint compilation of the Financial Times, the institute of Actuaries and the Faculty of Actuaries

EQUITY QROUPS	'	Tuesda	y Febr	tary 2	8 198	9 ·	Moa Feb 27	Fth Feb 24	Thu Feb 23	Ye 29 200
& SUB-SECTIONS	<u> </u>	T .	Est. Eareleos	Gross Div.	Est P/E	nd adi	-	<del></del>		<u> </u>
ligures in parentheses show number of stocks per section	ladex No.	Day's Change	Yield% (Max.)	Yield% (Act at (25%)	Ratio (Net)	र्ज क्यी. 1989 to date	index No.	index No.	ladex No.	Ind Bit
1 CAPITAL 6000S (207)	918.97	+8.2	10.30	3.94	11.91	1.53	988.71	919.46	912.27	753
2 Bulkling Materials (28)	1128.57	+9.1	11.27	4.84	10,92	0.45		1145.12		
3 Contracting, Construction (38) 4 Electricals (10)	1673.54 2645.88	+4.2 +4.5	12.86 8.04	3.67 4.28	19,86 15,12	2.89 8.75		1687.32 2659.36		
5 Electronics (30)	2046.38	-12	9.20	325	14.06	7.98		2085.04		
6 Mechanical Engineering (55)		+9.9	9,67	3.83	12.58	0.53			489.83	
R Metals and Metal Forming (7)	539.39	49.3	14.78	5.67	7.45	0.09	517.59			44
9 Motors (17)	307.17	+4.4	19.65	4.32	10.90	8.00	305.95	309.63	308.14	281
0i Other Industrial Materials (22)	1532.81	+0.2	9.00	4.32	13,18	3.87		1535.29		
1 CONSUMER GROUP (186)	1355.65	+8.4	2.96	3.65	14.01	3.19		1159.08		
	1297.74		9.62	3.43	13,13	5.29		1392.79		
	2012.93	-0.5	9,87	3.88	13.87	2.21		1029.84	1836.89	M
	1972.21 2095.88	+8.5 +8.9	9.28 6.48	3.56 2.59	14.31 17.98	8.17 8.48		1988.87 2090.45		
7   Hearth and Roberton (13)	1576.88	+1.0	7.42	331	16.57	12.13		1572.66		
	585.19		9.53	3.91	13.65	8.53	585.29	589.63	585.57	50
	3457.79	+8.5	2.45	4.29	14.48	3.38		3675.98		
4 Stores (33)		40.4	11.25	4,58	11.70	2.64	752.11	753.22		Ž
5 Textiles (14)	511.30	+9.5	13.62	5.57	8.79	8.25	508.75	511. <u>12</u>		56
Nature regulation (0.6)	1028.44	+8.7	18.34	4.29	11.81	8.97		1028.68	1829.10	88
1 Agencies (18) 2 Chemicals (22) 3 Conglomerates (11)	1248.14	+1.4	1.12	2.65	14.33	5.48	1238.7E	1238.49	1234.91	
2 (Chemicals (22)	1176.42	18.5	12.34	4.94	10.59	8.57		1183.46		186
Conglomerates (11)	2292.29	10.8	39.77	5.06	10.74	4.27		1434.19		
	1974.14	+1.6	8.41 18.93	3.65 4.37	15.46 11.89	6.00 6.00		2284.29 1868.49		145
	1419.97	- 61	9.96	3.83	11.42	9.68		1434.35		
INDUSTRIAL GROUP (487)		10.4	9.72	191	12.73	2.11		1989.53		93
	1436.21	-9.6	9.95	6.14	12.65	23.12		1893.36		_
500 SHARE DIBEX (500)	1141.38	18.3	9.75	4.28	12.74	3.81			1147.22	
FINANCIAL GROUP (126)		+4.4		5.69		4.74	729.17	737.50	738.07	66
24 Renks (9)	722.21	41.1	21.39	6.44	6.99	13.86	734.46		735.59	
	1825.57	#8.3	- 1	5.26	- 1	8.60	1022.02	1927.91		98
) Ingurance (Composite) (7)	583.84	10.2		5.35	- <u>-</u> -1	0.00	582.72	586,79	585.07	
leserance (Brokers) (7)	983.83	-1.6	8.99	6.52	14.84	86.0		1014.93		87.
	346.A7 1287.A7	18.3	5.57	4.33 2.61	22.85	9.03 1.15		346.98 1286.87	346.26	34 185
Property (53)		-61	9.A7	5.37	13.28	1.92	1282.98 378.58	381.57	382.28	10.
	1863.87	10.7		2.91		3.37			1048.98	877
	444.67	-8.4	2.69	3.24	12.71	2.50	469.63	678.21	675.99	42
Overseas Traders (8)	1397.48	-0.4	14	4.76	23,78	15.65		1412.56	1396.75	
7.0	1942.68	40.3		4.27				1050,47		934
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FT-SE 100 SHARE INDEX	No.	Change	High (a)		27 1906 7	24 2010 5	23	22 7	21 261 5	<u>24</u>
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-	FD	(ED I	NTE	RES	<b>F</b>		AVERAGE GROSS REDEMPTION YIELDS	Tipe Feb 28	Mon Feb 27	Year ago (approx	
-	PRICE INDICES	Toe Feb 28	Day's change %	Mos Feb 27	zd adj. today	xd adi. 1989 to date		British Government Low 5 years	9.34 9.83 8.89	9.33 9.03 8.91	8,74
Į	1-,	134.64		117.88	-	2.18 2.25		Mediam 5 years	10.51 9.49 9.03	10.58 9.53 9.07	9.24 9.23 9.14
. 4	Over 15 years	148.81 174.63 132.39	+0.34 +0.63	148.31 173.54 132.63	-	1.86 1.16 2.20	9	High 5 years	10.63 9.71 9.22 8.81	19.68 9.74 9.26 8.86	9.32 9.38 9.16 9.85
	Dates-Linked 5 years	131.76	+0.54	131.65	-	1.36 0.72	12	Index-United Inflation rate 5% Syrs Inflation rate 5% Over 5 yrs Inflation rate 10% 5 yrs	3.45 3.52 2.56	3.63 3.57 2.74	2.53 3.82 1.56
_8	All stocks	132.58	+0.74 +0.74 -0.03	232.61	_	0.74 1.98	14 15	Inflation rate 10% Over 5 yrs.  Bels & 5 years	3.35 11.97 11.25	3.40 11.93 11.24	3.65 19.71 10.60
	Preference	89.93		89.88	- <u>-</u>	0.56	17		10.67	19.66	10.60

#Opening Index 1997.3; 10 am 2001.7; 11 am 2000.3; Noon 1999.9; 1 pm 2000.6; 2 pm 1998.1; 3 pm 1999.7; 4 pm 1998.2; 4.05 pm 1998.0 (a) 5.00pm feb 9.00cm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EDAP 4BY, price 15p, by gost 34p. DEBENTURE CONSTITUENT CHANGE: TR Industrial & General Investment Trest 10% 2016 has been deleted.

# RISES AND FALLS YESTERDAY 471

### **LONDON RECENT ISSUES**

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### **LONDON TRADED OPTIONS**

ONE OF THE guietest days for many a week on the traded options market was enlivened yesterday by the settlement price of the FT-SE 100 Index for February striking a precise 2,000.0, as the contract expired.

Total dealings came to no more than 26,651 contracts, made up of 14,777 calls and 11,874 puts.

There was, however, some work for dealers' calculators to perform in reckoning the odds on such a figure being reached in the period

the settlement is based.

market tra of this le The index of 1,997.3	vei : op:	thro Bree	jugf jat	its	the day	èda 'sk	IY. JW
Alid Lyons (*467 )	460 500	<del>/41</del> 22	36 36	49	10	701S Jul 22 44	25
Brit. Alexays (*187 )	160 180 200	32 16 6	36 20 12	39 27 16	55 21	13 25	6 15 26

360 - - 31 - - 17 367 8 - - 15 - -390 2 11 16 37 37 37

Salashary (\*217 ) Stell Tracs. (\*365 )

high of 2,002.4, ahead of today's the put side, the March 1950s UK trade figures.
The February 2,000 index con-

tract opened the day with 1,138 contracts open for exercise on the call side, and 1,882 on the put. The settlement figures left both options worthless. There were 550 contracts traded in the calls at the exercise price and 793 in the put, without open interest changing much in either case.

Overall dealings in the index again took the ilon's share of total options market business, amounting to 5,514 call contracts and 5,842 put. The most heavily traded call series was the March 2100, in which 1,599 contracts led to open interest contracting to

to open interest contracting to about half the amount to 1,995. On

Lasmo was the most heavily traded individual options stock, against the background of its rights issue, as the underlying price of its shares fell 30p to 433p. Dealings in it came to 1,827 contracts, comprising 642 calls and 1,185 puts — the May 390 puts attracting 803 contracts. British Gas was one of only two other stocks to find dealings of more than 1,000 contracts handled with 609 calls and 1,063 puts, the latter including 1,000 in the Sep-tember 160 series. There was business of 1,141 in Trusthouse Forte, for the more part call. CALLS PUTS Har Jan Sep War Jon Sep

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### **UK COMPANY NEWS**

Full trial

likely for

Dawson

Coats and

By James Buxton, Scottish

DAWSON INTERNATIONAL'S

attempt to recover the cost of underwriting its unsuccessful

in Edinburgh.

Dawson is suing Coats
Patons for a sum which it says

now amounts to over £10m, taking into account tax and

interest, over the cost of underwriting its agreed bid for

an approach from another hid-

But, Dawson alleges, Coats

Patons did encourage and co-operate with an approach from

Vantona Viyella, and recom-mended its shareholders to

accept a merger of the two companies into Coats Vivella. Dawson alleges that Coats Paton was in breach of con-

The case is believed to be the first time that a "filted" bidder has sought to reclaim underwriting costs.

The Inner House of the Court of Session yesterday rejected an appeal by Coats

Patons against a judgment by Lord Cullen a year ago who

allowed the issue to proceed to court on the question of the alleged breach of

It also rejected an appeal by Dawson against Lord Cullen's refusal to allow it to proceed on allegations of misrepresen-ation against Costs Patons and

two of its directors.

Coats Patons said it would

be reviewing the situation but thought it unlikely that it would appeal to the House of Lords. The company claimed that elements in the judgment of the Inner House further

against it. Dawson said it was looking

forward to the full trial to

hear Coats Patons' evidence as to its role during the crucial period of the affair in early 1986.

# STC profits up 22% as sales rise to £2.36bn

By Terry Dodsworth, Industrial Editor

Pre-tax profits at STC, the UK electronics group, rose by 22 per cent last year as both its telecommunications and infor-mation systems divisions put

in strong performances.

Presenting the results, Mr
Arthur Walsh, chief executive and chairman-designate, sald yesterday that the process of expanding the group's core businesses with acquisitions in the US and Europe would con-

"The year end sees us with a strong balance sheet, a good order book and a good cash position," he said. He particularly underlined the growth in turnover and orders at the nications systems divi-

Group sales increased by 14 per cent to £2.36bn from £2.07bn, with a particularly tions sector, where turnover reached £642.4m against £438.4m in the previous year. Turnover in information systems, based on the ICL computer group, amounted to £1.26bn compared to £1.8bn. The components and distribution business saw sales increase to £342.5m from

The main contribution to



Mr Arthur Walsh, chief executive: "a good order book"

profits came from ICL, which made an operating profit of £128.8m, a rise of 16 per cent on the previous year's £110.7m. The communications division, bowever, saw a sharper rise, with profits up by 22 per cent to £90.2m from £74.2m.

Operating profits in the components division reached

£20.8m against £17.8m. The pre-tax figure was

struck after taking in 26.6m of investment income against interest payments in the previous year of £3.2m. These fig-ures underline the increase in

DIVIDENDS ANNOUNCED								
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year			
AMS Indsfin	1	_	1	1.5	1.5			
Bensons Crispsfin	1.25	-	0.5	1.75	0.5			
Chambers Fargusint	1	_	1	-	3			
Cityvision §fin	1	-	0.5	1	0.5			
Comm.Bk Nr Eastfin	30	-	30	30	30			
Cresta Holdingsfin	1	-	0.76	1.5	0.75			
EFT Group	0.5	Apr 14	0.25	0.7	0.35			
First Scot Amerfin		Apr 19	9	16.8	14			
Grafton Groupfin	2.5	Apr 11	2.1	4	3.1			
High-Pointint		· -	2	_	5.75			
McAlpine (A)fin	11.6	-	11.6	16.1	16			
Murray Incint	3.5	Apr 1	2.5	*	7.1			
Pickwick Groupfin	2.25t	·-	1.8	3.25	26			
Ruo Estatesfin		-	4	7	7			
Scot Eastern Invfin	2	Apr 7	1.5	3	2.35			
Stat-Plusfin	2.25	-	1.5	3.5	2.25			
Templeton G'brthfin		-	8.5	11	10			
Thorntonsint		Арг 25	0.65☆	-	0.65			
Uniteverfin	9.51	May 17	8.55	13.4	12.09			

Dividends shown pence per share net except where otherwise stated Equivalent after allowing for scrip issue. Ton capital increased by rights and/or acquisition issues. \$USM stock. \$\$Unquoted stock. \$Third market. \$US cents throughout. \$\times \text{cr} 32 weeks. \$Dutch floring throughout. \$\times \text{Total of 7.8p forecast. \$\infty \text{Irish pence throughout.}\$

William market consider

# Share orice relative to the

FT-A All-share index

which amounted to £340m at the end of last December against £221m at the same point in 1987.

After-tax profits increased to Atter-tax profils increased to £147.5m from £125.2m, before extraordinary items of £4m against £11.5m. This generated earnings per share of £6.2p compared to £2.5p, and the Board is recommending a total dividend for the year of 9p as against 7p.

The company is forecasting further satisfactory growth in earnings this year, saying that the strength of its order book puts it in a strong position to compete internationally. Mr Walsh stressed the group's commitment to overseas growth, which was helped last year by acquisitions in the US and Western Europe in both the data processing and communications sectors.

There would need to be some rationalisation of facilities in the wake of these purchases, he said, and the integration of these activities into the group would be a "key priority" in

### **BES** statement withdrawn

British Empire Securities, which is waging a 1100m bid battle for Schroder Global Trust, has been obliged to withdraw its statement that SGT's rival reorganisation "gives no indication of the amount receivable in cash, at the request of the Takeover Panel. SGT stressed that its proposal offers a minimum of

All these securities paving been sold, this announcement appears as a matter of record only.

**British Aerospace** 

£100,000,000

Underwritten and placed by

104 per cent. Bonds due 2014

Issue Price £100.048 per cent.

Public Limited Company

# The hare becomes the hound

Steven Butler looks at Lasmo's about turn against all the odds

Six MONTHS ago, when Britain's entire sector of independent oil compa-nies looked about to be gobbled up by corporate predators, the odds makers - better known odds makers — better known as City analysts — had it that Enterprise Oil, Britain's biggest independent, would be the survivor, while the London & Scottish Marine Oil Company was a sure takeover candidate.

rathempt to take over Coats
Patons in 1986 now appears
set to go to full trial, following
a decision yesterday by three
judges in the Court of Session
in Edinbursh Today odds have been firmly Today odds have been firmly reversed. RTZ, the mining group, sold its 30 per cent stake in Lasmo to a large number of institutions last year. While many thought this amounted an open invitation to another predator to build a stake in Lasmo, this has not happened, and indeed Lasmo shareholders saw off British Gas with little fuss, and much embarrassment to the giant the Glasgow-based company. It alleges that Coats Patons had agreed to recommend Dawson's offer to its shareholders, and that it would discourage and refuse to co-operate with an expressed force excepts bid. embarrassment to the giant utility, when it attempted a dawn raid on Lasmo shares in

the autumn.

Meanwhile Lasmo has sold its 25 per cent stake in Enterprise to Elf Aquitaine, the French oil group, and it appears only a question of time before Elf buys the rest of

Yesterday Lasmo took advantage of its strength of advantage of its strength of independence, which means in reality a high share price, by calling on its shareholders to back the higgest acquisition in its history, the £358m purchase of Thomson North Sea.

This finally chose I come the

This finally gives Lasmo the heft and weight in the North Sea that it has sought for the past year, in which it purchased £83.1m of oil assets from BP, but saw itself outbid on other deals.

Lasmo hopes to reinforce hasho hopes to remove this increased presence in the North Sea through the bids which it has recently submitted in the current North Sea licensing round. It has bid on 39 blocks, about a third for operatorship, with a minimum interest of 40 per cent in each

The Thomson deal trans-

forms Lasmo's cash flow and future production profiles, giv-ing it a big kick in oil output in 1992 and 1993, when many,

though by no means all, analysts expert a significant rise in oil prices.

Yet the deal is at least as important for what Mr Chris Greentree, Lasmo's chief executive admission on effort to utive, admits is an effort to raise the company's profile before its mainstay of British

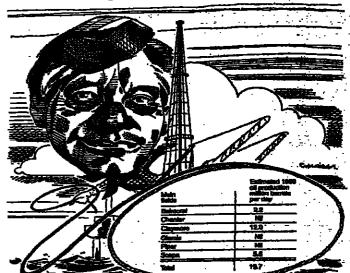
"Shareholders like UK barrels," he says with a twang
that gives away his western
Canadian origins. "You do
have to play to the grandstand
a little bit." in the past that meant oil finds in Gabon or Indonesia, that might be cheap and highly profitable to produce, would have relatively little effect on Lasmo's share price, nothing the the invest of even the but

like the impact of even the hint of a find in the North Mr Greentree believes that the investment community has gained a much better under-standing of Lasmo's far-flung international operations in the past year, when the company has been under an intense spotlight as a possible takeover candidate, but he feels much

safer now that 65 to 70 per cent of Lasmo's activities will be at The Thomson North Sea acquisition nearly doubles Lasmo's North Sea production and reserves, giving it an average 1989 production of 49,000 barrels a day of oil equivalent. For the company as a whole, 1989 production rises by about 33 per cent to 84,900 b/d, and this is projected to rise to a likely 147,000 b/d in1993.

Much of the boost in 1998 would come from redevelop-ment of the Piper field, which was knocked out of action last year because of the Piper Alpha platform disaster. The deal was calculated to

be profitable at \$15 a barrel in real terms, although Mr Green-tree expected oil prices to be



better than that by 1993. Lasmo's proven and probable reserves now rise by 61 per cent to 412m barrels, which with the addition of possible reserves, comes to 616m bar-rels, a 43 per cent increase. The addition to exploration acreage is small, although probably less important, since Lasmo already boasts more exploration acreage than any indepen-dent oil company in theworld. None the less, Mr Greentree

believes there is much potential that remains in the acreage operated by Occidental Petroleum, where Thomson is a partner.
The effect of the deal on cash

flow is even more impressive, rising by 60 per cent over pre-viously projected 1989 levels to £120m, assuming a \$15 oil price. Cash flow last year amounted to just £30m.

The deal includes a 20 per cent interest in the Flotta pipe-line and terminal system, a key attraction since transporting oil in the North Sea has actu-ally proved more profitable than producing it, and a num-ber of large developments are

expected in the area serviced by the pipeline.
Mr Greenizee was yesterday unapologetic about asking shareholders to pitch in £158m in a rights issue, just after Lasmo raised an aggregate of 2368m in its sale of its 25 per

cent stake in Enterprise.
"How to reward shareholders? One way is to give them a chance to turn a quick 30 to 40p," he says. This would be accomplished if after purchasing the rights at a steep dis-count of 375p, shareholders sold off the shares. Never mind

sold off the shares. Never mind the drop yesterday in Lasmo's share price, which closed off 30p at 433p.

Share dealing arithmetic aside, Lasmo did not want to finance the deal by selling loan notes from Elf Aquitaine, which it received in exchange for its Enterprise stake, because the interest on these because the interest on these loans give the company a highly tax efficient way to finance international exploration, which cannot normally be offset against UK income. These tax benefits are figured to be worth £15m ayear.

### Moss Trust shares drop after investigation

SHARES in Moss Trust, the troubled USM-traded advertising agency, yesterday lost a quarter of their value after an investigation of its accounts revealed that the company would not be able to pay its proposed dividend for last

The findings of the report also make it likely that the company made a loss and produced a deficit on its distributreserves year. Mr Stuart Pearson, chairman

and chief executive has resigned. The company refused to comment on the reason for Mr Pearson's resignation or the possibility of compensa-

The investigation is believed to concern £422,000 of costs incurred during a US tour last year by the Royal Scots Dragoon Guards. These were included in the accounts as deferred project expenditure, and therefore an asset. They are now expected to be treated as realised losses, which would turn the £307,000 pre-tax profit achieved in the year to August 1988 into a loss.

The review, by Peat Marwick
McLintock, was gommissioned three to four weeks times.

Colorgraphic, the USM-quoted direct response print specialist,

is paying up to 25m in shares to acquire West Yorkshire-

based Comprehensive Com-

puter Services... Mr Nick Winks, Colorgra-

Mr Nick Winks, Colorgra-phics' chief executive, explained CCS would provide a capability in data bases and list management. This was important because of the sig-nificant number of direct response customers whose per-sonalised products required

By Clare Pearson

Colorgraphic's £5m purchase

on the day of its annual meet-ing on February 3, which was adjourned after the threat of an injunction by a minority shareholder. The minority shareholder commissioned a report by Coopers & Lybrand the accountants, which revealed the accounting con-

troversy,
It was also announced that
an associate of Cautel Corporation, an offshore trust last last week acquired 462,000 shares. Cantel, which was one of the airman vendors of ART Publicity Services, has a 7 per cent share in

the company.

Mr Andrew Thirkill, the former deputy chief executive, has been appointed chief exec-utive. Mr John Cooper, a nonexecutive director has been apointed chairman. Mr Pearson is a former

senior partner of Rawlinsons, a Bradford accountancy firm which audited Moss Trust's annual report for 1987-8. He

will act as a consultant for a transition period.

The shares, which were suspended on Monday, fell yesterday from 45p to 38p. The revised report and accounts

Of the 300,000 shares comprising the initial consideration, 225,000 are being placed. The additional consideration is

CCS expects to achieve prof-

### **Scottish** Eastern net assets rise 23% to 185.8p

Scottish Eastern, one of the larger non-specialist invest-ment trusts, yesterday announced a 23 per cent increase in net asset value in the 12 months to end-January,

to 185.8p a share.

The company points out that this compares with a 15.2 per cent rise in the FT-A All Share of figures produced by the

Association of Investment
Trust Companies - to have
managed the best total return
for shareholders of any gen-

eral trust over £150m in the 12 months to end-Janaury. The proposed final dividend is 2p a share, making a total of 3p for the year, a fairly sharp increase on the 2.35p in 1987/

The company attributes part of the asset advance to the inclusion in the portfolio of various hid stocks - such as

various hid stocks - such as Rowntree, Hammerson, Plessey and Scottish & Newcastie - as well as good return from the unquoted portfolio.

At the year-end, gross assets of the Martin Currie-managed trust totalled £451m, with 59 per cent heing in the UK 18.5 per cent in North America, 16 per cent in the Far Rast, and

per cent in North America, 16
per cent in the Far Rast, and
6.5 per cent in Europe.
Gross revenues dipped
slightly to £16.3m, but interest
charges also fell to £5.69m
(£7.73m) while management
expenses were broadly static
at £1.28m.

Meanwhile, at First Scottish American, managed by Dunedin, the increase in net assets per share over a similar period, was 12.1 per cent - to 522.6p.

The final dividend goes up 10.50 (90) on increase specific

CCS expects to achieve profits after tax of at least £100,000 in the year to end-December, and has undertaken to repay Colorgraphic the difference in the event of any shortfall.

Colorgraphic's pre-tax profits stood at £1.22m in the six months to end-June last year.

Der share over a similar period, was 12.1 per cent - to 522. Final dividend goes up 10.8p (9p), an increase over the full year of 20 per cent.

At end-January, 96 per cent of the portfolio was invested in the UK.

### voting control at Billingsgate By Clare Pearson

**Swiss Berisford** 

Berisford (Switzerland), the subsidiary of sugar processing and commodities group Beris-ford International, has ford International, ness increased its holding of preferred chares in Billingsgate City Securities, whose only asset is Midland Montagn House in the City of London, to 19.35m, or 75.01 per cent.

Charterhouse Bank, which when it made an offer for all the preferred shares last year, confirmed the effect of the increase would mean Berisford (Switzerland) would be able to cast enough votes to ensure that any special resolution it put before shareholders in the The Swiss company, at that time called Brianger Commer-cial Corporation, made a 130p cash offer last summer for the

preferred part of the equity of Billingsgate it did not already own. This resulted last October in it owning or having received acceptances in respect of 73.3 per cent of the shares. All the ordinary shares are held by Berisford international.

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The offer for the preferred shares was not recommended by Billingsgate's two independent directors on the grounds that it was below the liquidation when of 1450 ct. tion value of 145p estimated by surveyors Debenham Tewson and Chinnocks.

### Euro Equities cuts Oceonics holding

Euro Equities, part of the consortium which provided a £7.25m cash injection into Oceonics Group last year, has sold 10m shares (9 per cent) in the marine and defence electronics group, thus reducing its holding to 21.7 per

# SEC rejects bid for Cambrian

brian & General Securities, the UK investment trust.

The escrow agent, Mr Lee Richards, also intends to notify Cambrian that he is exercising his right to appoint two directors to the board of the trust. The SEC holds around 23 percent of the voting rights of Cambrian.

cent of the voting rights of Cambrian.

Cambrian was at one stage the UK vehicle for convicted insider trader, Mr Ivan Boesky. The SEC acquired its shares as part of a \$100m settlement with Mr Boesky in late-1986. The Cambrian interest is believed to have been valued at a little under \$50m.

There was also a feeling at one stage that the SEC was somewhat hampered in making moves over its Cambrian holding while certain litigation surrounding the Boesky affair was going on in the US. It could, ran the argument, open itself to charges of insider dealing. However, Leucadia's London-based adviser, Hambros Bank, denied suggestions that its client would be disadvantased by the SEC's decision not taged by the SEC's decision not under \$50m.

The SEC yesterday refused to make any comment on the fairly sizeable discount to

THE SECURITIES and Exchange Commission, the US regulatory authority, has instructed its escrow agent not to accept the £71.3m hid from New York-basel Leucadia National Corporation for Cambrian & General Securities, the UK investment trust.

The escrow agent, Mr Lee Richards, also intends to notify Cambrian that he is exercising his right to appoint two directions for its decision not to accept. However, under the care intended to realise the trust's assets in the notational Corporation for Cambrian & General Securities, the UK investment trust.

The escrow agent, Mr Lee Richards, also intends to notify Cambrian that he is exercising his right to appoint two directions for its decision not to accept. However, under the terms of the offer, its interest is interest is only priced at about £19.2m — and it would therefore crystalise a loss. There has already been some critical comment on the terms of the Boesky settlement, with suggestions that the Cambrian stock was taken on at too high a value.

There was also a feeling at the trust's assets in the notational form the terms of the Boesky settlement, with suggestions that the Cambrian stock was taken on at too high a value.

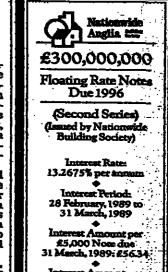
There was also a feeling at the trust's assets in the trust's assets in the trust's assets in the trust's assets in the rotational future — altihough this was subject to the settlement of various legal actions involving the trust. Yesterday, Hambros suggested that such a course of action need not necessarily be prohibited by yesterday's developments.

There was also a feeling at the trust's assets in the notational trust is only priced at about £19.2m — and it would therefore crystalline a loss. There has already been some critical comment on the terms of the Boesky settlement on the

that it understood that the escrow agent's request for board representation was in accordance with the company's articles and that Leucadia therefore 'looked forward to

therefore "looked forward to welcoming the new board members" at Cambrian.

The New York-based group, which has interests ranging from insurance and banking to real estate, has already acquired 74 per cent of the voting rights at Cambrian, leaving the SEC's stake as the only significant outstanding holding.



250,000 None dire 31 March, 1989: £563.41

Agent Bank Baring Beothers & Co., Limb

Barclays de Zoete Wedd

BARCLAYS de ZOETE WEDD

Kleinwort Benson Limited

### **UK COMPANY NEWS**

# The embarrassment of missing an industry boom

Andrew Taylor explains why contractor Alfred McAlpine's profits have slumped by 35%

r Robert (Bobby)
McAlpine had the
embarrasment yesterday of trying to explain how construction company, Alfred McAlpine, had managed to achieve 2-35 per cent fall in pretax profits last year when most of its rivals will

MARCH 1 194

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most of its rivals will announce big rises. Construction output in the UK has risen by about a sixth during the past two years. House prices rose by 30 per cent last year. Private sector office building and industrial construction are at their highest levels for at least 15 years. In this climate it is difficult In this climate it is difficult In this climate it is difficult to see how construction companies, particularly those with strong housebuilding interests could fail to increase profits. So why did Alfred McAlpine miss out on the hervest? Pretax profits of £20.47m for the year to the end of October were the lowest since 1982-83.

Mr Bobby McAlpine, chairman and chief executive of Alfred McAlpine, admits the the company misjudged the

the company misjudged the direction the construction market was taking in the mid-

"We failed to recognise the extent to which investment in private sector building would grow. Instead, we continued to chase low margin road and public works contracts."

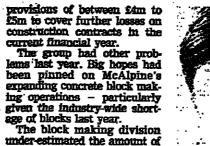
The company which hulf a reputation in the 1969s and 1970s as one Britain's higgest road builders is now paying the price. "Almost all the road contracts we won in 1986 and 1987 have been loss making," says Mr McAlpine.

Losses on one major inter-thange on the north circular road around London are running into several million ponds. Losses have also been incurred on other public works contracts including some for the Government's Property Services Agency and a dam contract in Devon.

As a result UK construction profits simmed from £11.7m in 1986/87 to £2m last year. Rival contractors say McAlpine is paying the penalty for bidding very low prices to win public sector contracts in the mid

McAlpine says most of the loss making jobs involve claims for delays and contract variations for textra work or design changes. It says many of the contracts should be prof-itable once the claims are set-tled.

This is unlikely to make much difference to this year's results. McAlpine is making



about the right product mix between light and heavy The group has reacted by reorganising its management and introducing new personel. A new managing director will shortly be appointed to run the concrete block making opera-

time it would take to bring new plant on stream at Bristol,

Wrexham and St Helens. There

were also misjudgements made

The contracting division has



Right new regional offices have been created. Previously the group attempted to run all its work in southern England from offices in Wolverhamp-ton. The group's head office in Hooton, Cheshire, looked after

contracts in the north.
"The regions have become

Pre-tax profits (£ million)

Alfred McAlpine

increasingly important sources of work as private investment in new plant and offices has increased. The lack of regional offices inhibited us from winning as big a share of this work as we would have liked,

### A family divides the country and builds its name

ALFRED McALPINE is one of two British construction companies to share the famous McAlpine family name. The other is Newarthill, which still trades under the name of Sir Robert McAlpine. Neither likes to be confused with the other, writes Andrew Taylor.

Alfred McAlpine was formed in 1935, after the fourth son of the famous Scottish builder Sir Robert McAlpine decided to break away from the family

breek away from the family

Sir Robert a shrewd Glas-gow bricklayer, popularly known as 'Concrete Bob' had started Sir Robert McAlpine after his previous construction company had failed in 1878 following the collapse of the City of Glasgow Bank. Sir Robert had five sons, two of which, William and Malcolm, stayed to run the family business, after their father

Sir Alfred, who was already chairman of the company's

Midlands division, decided to go it alone. The two companies divided the country and agreed that neither would seek work in the other's Alfred McAlpine was to have the Midlands and north west England. Sir Robert McAlpine

would operate in south east England and Scotland.

This agreement remained in force until 1983 when Alfred McAlpine, which built its rep-utation on contracts for the

Manchester Ship Canal and the Birkenhead section of the Mersey tunnel, decided it wanted to expand into other areas. Rivalry between the two companies is intense although both companies claim relations are cordial if a little more strained since the ending of their agreement in 1983. Mr Bobby McAlpine chairman and chief executive of Alfred McAlpine is the grandson of Sir Alfred and the great grandson of Sir Robert.

formed to concentrate on large construction projects. Greater emphasis is being placed on project management which produces low margins but more secure work. Efforts have also been made to improve management reporting systems to provide better warning of possible problems. McAlpine says the sale of the company's property investment portfolio last year to the property company Warrington - a deal which left McAlpine with a 45 per cent stake in Warrington-would allow it to concentrate on managing its core construc-tion and minerals interests

while retaining a strong interest in the property sector.

It says equity accounting rules permit it to include 45 per cent of Warrington profits in its accounts without having to include any of Warrington's borrowings on its balance

The acquisition of Canberra Group, a private housebuilder operating the Midlands and south west England takes the company into new markets. Results this year will depend to a large degree on how McAl-pine's expanded house building business performs in what has become a more uncertain housing market in the UK.

The company's new empha-sis on winning a greater share of private sector work and improving its penetration in regional markets will take time to work through. Mr McAlpine says the benefits from the reorganisation should start to flow through during the second half

### **Norton Group turns** in £1.1m and forecasts dividend

NORTON GROUP, the former shell company that owns patents for the Wankel rotary engine, and was once famed for its motorcycles, yesterday reported a profit in its first set of results since joining the Third Market in January 1988.
Pre-tax profits of £1.1m on turnover of £16.3m were achieved in the 16 months to end-December. The company

expects to pay a dividend for the current year.

The period saw sharp changes in Norton's direction. Its move into collective club memberships last January was reversed nine months later when it sold London No 1 Club and bought Pro-Fit Piping Components, a US engineering

concern, instead.
Mr Philippe Le Roux, the former merchant banker who is Norton's chief executive, said the aim behind the \$15m (£8.62m) purchase of Pro-Fit, as well as the earlier flirtation with club memberships, had been to acquire cash flow to fund the development of the engine technology. This year, the company would be looking for a similar acquisition in the UK or Europe.

UK or Europe.
Norton Motor is expected to move into profit this year when it expects to sell about 500 rotary-engined motorcycles at about \$6,000 each. The Norton engine is to

return to the race track under a three-year sponsorship agree-

ment with Imperial Tobacco. The engine has also been developed for unmarined sur-veillance aircraft, and Norton is hoping to develop it for manned light aircraft uses.

All the profit during the 16 month period came from Pro-Fit, consolidated on a merger accounting basis. Norton Motors lost nearly £600,000 dur-

ing that time.

The comparative figures of £1.18m pre-tax profits on £10.73m of sales in the 12 months to end-December 1967 are not comparable since Norton Motors was included for only 2% months. If it had been included for 12 months, turn-over would have been £115m and pre-tax profits £571,000.

The sale of London No 1

Club, which resulted in the departure of City investors Mr Robert Tanner and Mr Peter Whitfield from the board, gave rise to a £472,000 extraordinary profit. Taxation took £127,000

### Courtney Pope

Shareholders in Courtney Pope, the shop-fitting, engineering and electrical group, have approved the revised terms for the acquisition of Quickwood, a privately-owned shopfatter. The terms of the deal were revised after institu-

# Unilever in 1988

### A YEAR OF SUBSTANTIAL PROGRESS

1988 was another year of substantial progress throughout our business reflecting our emphasis on profitable growth. At constant rates of exchange earnings per share rose 15% over 1987. There was a particularly strong performance in Europe and North America. Organic growth remains our priority, however we continued our policy of selective acquisitions and spent £350 million in purchasing 31 businesses in 15 countries during 1988. The impact of exchange rate movements in 1988 is clearly shown when translating our results at closing rates. On this basis earnings per share rose by 10% in sterling 20% in guilders and 7% in US dollars.

Fourth Quarter 1968

This quarter provided a good finish to the year. Sales advanced by 12% and at constant rates of reaching e operating professes 30% higher than the corresponding period in 1987. Profit before tax rose by 25% and profit attributable by 28%. Net interest costs increased over the corresponding quarter of 1987 primarily because of higher interest rates.

Operating profit increased by 14% at constant rates of exchange. Margins continued to improve and

underlying volume increased by 3%. All product groups progressed well. In Europe operating profit rose by 18%. Our policy of concentrating on innovative health and low calorie products in our foods businesses and a positive consumer response to our new ice creams were primarily responsible for this improvement. A number of successful launches in our detergents business and product extensions in personal products also contributed to this result.

In North America operating profit increased by 13%. Speciality chemicals operations enjoyed an excellent year and our foods businesses again made good progress. Our detergents business increased volume and profit despite heavy competitive pressure.

In the Rest of the World our foods and personal products businesses increased both volume and profit. We continued with heavy marketing investment in Japan. This, together with the effect of converting Brazilian results at year end exchange rates, reduced operating profit in our detergents

Profit attributable benefited from a lower effective tax rate.

### Dividends

The Boards today resolved to recommend to the Annual General Meetings to be held on 3rd May, 1989 the declaration of final dividends in respect of 1988 on the Ordinary capitals at the following rates which are equivalent in value at the rate of exchange on 31st December, 1988 in terms of the Equalisation Agreement between the two companies:

9.51p per 5p Ordinary share (1987: 8.55p), bringing the total of PLC's dividend for 1988 to 13.40p per share (1987: 12.09p).

Fl. 3.06 per Fl. 4 Ordinary capital (1987: Fl. 2.53), bringing the total of N.V.'s dividend for 1988 to Fl. 4.29 per Fl. 4 Ordinary capital (1987: Fl. 3.62).

### FOURTH QUARTER AND FULL YEAR RESULTS

**COMBINED PROFIT STATEMENT (£ millions)** 

Fourth Quarter					Year	Increase		
					g Rates)	_	Constant	
1988	1987	Increase		1968	1987	Rates	Retes	
4,601	4,123	12%	TURNOVER	17,116	16,550	3%	6%	
398	307	30%	OPERATING PROFIT	1,516	1,373	10%	14%	
			Share of associated companies' profit					
10	10		before taxation	44	37			
3	3		Other income from fixed investments	7	9			
45	29.		Other interest receivable and similar income	121	112			
(73)	(43)		Interest payable and similar charges	(234)	(204)			
383	306	25%	PROFIT BEFORE TAXATION	1,454	1,327	10%	14%	
(133)	(109)		Taxation on profit of the year	(577)	(537)			
(1)	(1)		Texation adjustments previous years	(2)	3			
(11)	(10)		Outside interests	(41)	(37)			
			Profit attributable to shareholders			-		
238	186	28%	- Fourth quarter					
			- Year at closing rates	834	756	10%	15%	
			Difference on translation of fourth quarter 1988					
(7)			results at closing rates of exchange					
	400	0.407	PROFIT ON ORDINARY ACTIVITIES	***		4001		
231	186	24%	ATTRIBUTABLE TO SHAREHOLDERS	834	756	10%	15%	
12.38p	9.96p	24%	Combined earnings per share – per 5p of ordinary capital	44.58p	40.54p	10%	15%	
	24		Extraordinary income		24			
	•		PROFIT ATTRIBUTABLE TO SHAREHOLDERS				_	
231	210		AFTER EXTRAORDINARY INCOME	834	780			
	-		Preference dividends	(4)	(4)		_	
			Dividends on ordinary capital	(296)	(270)			
			PROFIT OF THE YEAR RETAINED	534	506			

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C Provisional Status The profit and loss account and sup-plementary information is a provisional and abridged version of that which will appear in the Companies' full accounts to be published on 11th April. The full accounts for Unilever N.V. and Unilever PLC have not yet been filled with the Commercial in the Netherlands or the Registrar of Companies in the United Kingdom, and have not yet been reported on by the

Exchange Rates The results for the quarter and the comperative figures for 1987 have been translated at constant rates of exchange. These are based on £1×F1. 3.33=U.S. \$1.87; which were the closing rates of 1987. An exception has been made for the results which have arisen in hyper-inflationary aconomies, which for the current quarter have been translated at the closing rates for 1988. The profit attributable to shareholders for the current quarter has also been translated at the closing rates for 1988 being based on E = FL 3.62=U.S. \$1.81, which will be used for the Annual Accounts 1988.

The results and earnings per share for the full year 1988 have been translated at the closing rates for 1988. The 1987 figures for the full year are based on the closing rates for 1987. The trends are therefore influenced by the changes in exchange rates during the year. For comperison purposes the trends have also been shown based on constant rates of exchange.

Dividends The PLC final dividend will be paid on 17th May, 1989 to shareholders registered on 14th April, 1989. The N.V. final dividend will be payable as from 19th May, 1989.

For the purpose of equalising dividends under the Equalisation Agreement, Advence Corporation Tax ("ACT") in respect of any widend peid by PLC has to be treated as part of the dividend PLC's 1988 final dividend now announced, has been calculated fifths); if the effective rate applicable to payment of the divi dend is different the amount will be adjusted accordingly and a further announcement made.

28th February, 1989

The Report and Accounts for 1988 will be published on 11th April, 1989. The results of the first quarter 1989 will be announced on Friday, 12th May, 1989.

_					
Fourth	Quarter	REGIONAL BREAKDOWN (£ millions)		Full year	
1988*	1987*		<b>1988-4</b>	1988°	1987 <del>**</del>
		Turnover			
2,699	2.436	Europe	10,317	10,871	10,347
877	793	North America	3,419	3,270	3,079
1,025	894	Rest of the World	3,380	3,473	3,124
4,601	4,123	Total	17,116	17,614	16,550
		Operating Profit			
184	121	Europe	886	932	789
97	81	North America	281	270	239
117	105	Rest of the World	349	367	345
398	307	Total	1,516	1,569	1,373
%	%	Operating Margin	%	%	%
6.9	5.0	Europe	8.6	8.6	7.6
11.1	10.2	North America	8.2	8.3	7.8
11.3	11.7	Rest of the World	10.3	10.5	11.0
8.7	7.4	Total	8.9	8.9	8.3

 at constant rates (31.12.1987) \*\*at closing rates (31.12.1988 for 1988 and 31.12.1987 for 1987) For copies of Unilever results statements, please write to: External Affairs Department, P.O. Box 68, Unitever House, London EC4P 4BQ.



Duc 1996 Second Series mach by Nations Budies Secret 1.2674% per and

profits is a measure of the improving quality of the group's earnings. The sharp fall in retail commission income has been largely offset by investment management fees which now account for close to two thirds of turnover.

close to two thirds of turnover. Meanwhile, Templeton's move

into fixed interest products has cushioned its traditional heavy

exposure to equity funds. That said a 24 per cent rise in its flagship Templeton Growth Fund, demonstrates that the

group's investment perfor-mance has not been unduly

damaged by its obstinate refusal to invest in Japan. At 163p, the shares are selling at under 10 times prospective

marketing venture in anti-sub-

marine warfare, also with

a joint marketing agree-

ment with a defence subsidiary of Fiat of Italy in an unspecif

Plessey also revealed that it

had been awarded orders worth £15m for the third tranche of sonars for the tri-

dent submarines and said it was on the point of licensing ITT of the US to manufacture

its Navstar global positioning system. end \$INSV6; Line WANG2 From Story '#118664'.

**UK COMPANY NEWS** 



**EAST RIVER SAVINGS BANK East River Savings Bank** 

U.S. \$100,000,000 Collateralized Floating Rate Notes due August 1993

For the three months 28th February, 1989 to 31st May, 1989 the Notes will carry an interest rate of 10.1125% per annum with an interest amount of U.S. \$2,584.31 per U.S. \$100,000 Note, payable

Company, London

Agent Bank

management group quoted in London, yesterday reported pre-tax profits down 6 per cent from \$52.1m to \$48.9m (228.1m) in the year to end-December

Turnover at \$109.1m fell 18 per cent from \$133.6m last time, but the company said its elements continued to contain

positive trends.

The tax charge fell to \$8.15m (\$8.49m) and the recommended final dividend of 7.5 cents makes a total of 11 cents (10 cents) a share. Earnings per 1 cent share fell to 26.7 cents

(27.3 cents).
Assets under management in

the period rose 34 per cent from \$10.4bn to \$13.9bn, and

the number of mutual funds and unit trust products dou-bled to 26. Templeton Interna-tional raised new money total-ling \$2.80n over the period, an

increase principally derived

from closed-end fund under-

Investment management, business management of funds and service fees increased by 16 per cent and now represent 64 per cent of turnover, a

change attributable to the increase in both assets under administration and the number

of mutual fund shareholder

Several factors brought about a decrease of commission income, the most influen-

tial being that 72 per cent of mutual fund assets raised were

in closed-end funds from which

the company derives no com-

Distribution costs decreased

positive trends.

writings.

### Republic of Venezuela U.S. \$100,000,000

Floating Rate Notes Due 1993

In accordance with the terms and conditions of the Notes, notice is hereby given, that the interest rate for the Interest Period from 27th February, 1989 to 29th August, 1989 is 121/6% p.a. The Coupon Amount payable on the 29th August, 1989 for notes of U.S. \$10,000 and U.S. \$100,000 is U.S. \$613.18 and U.S. \$6,131.77 respectively.

Bankers Trust Company, London

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR'S) IN KOMATSU

a dated January 18, 1989 advising EDR bolders that a dividend had been present would be enade against coupon 3% bolders are now advised that in manifoldist proyens they should submit Talon No. 2 together with the relev-

afet of a valid Talon No. 2 and EDR the Depastary or its Agent will make immedia of the dividence and will issue a malacement EDR with coupons numbered 40-5

Depository Cribaris, N.A. 336 Sirend, WC2R 1 HB Narch I, 1989, Lándoa Iy: Cilibank, N.A. (CSSI Dept.),

CITIBANCO

### consortium's proposals to carve up its defence business between them. France; • a joint development and **BOC** acquisition blocked

Templeton Galbraith profits slip 6%

the company's global expansion resulted in a 32 per cent rise in administration expenses

The company said the profit-ability of its investment advi-

sory businesses, which tend to be in countries with favourable

corporate income tax rates, had resulted in a decrease in effective tax rate from 16 per

cent to 13 per cent. This reduc-

tion had generated an increase in net profit margin from 31

per cent to 37 per cent.
As part of its international

strategy the company has gained approval in principle for admission to the Singapore stock exchange, and in Canada its subsidiary has successfully

PLESSEY, the embattled UK

electronics group, was about to buy a minority stake in a Span-

ish defence company, and was on the point of concluding sev-eral other deals in the defence sector before GEC of the UK and Slemens of West Germany

and Stemens of West Germany bid for it last November. The company revealed these previous plans yesterday dur-ing a press visit to its radar facilities in Cowes on the Isle of Wight. At the same time,

operational management critic-ised bitterly the Angio-German

By Hugo Dixon

to \$31.2m.

completed the development and implementation of an

in-house shareholder servicing

In the three years since Tem-pleton came to the market, the FT-All Share index has risen by about 50 per cent and Tem-pleton's funds under manage-

ment have doubled; yet its

shares are still about 25 per cent below their issue price. It is the sort of undervalued situ-ation which Templeton's

investment managers pride themselves on spotting. Although 1988 was a terrible

year for the mutual fund indus-try, a 6 per cent fall in pre-tax

"Chinese walls have been

replaced by German barriers as a potential hindrance to our

continued success," Mr Peter Venton, managing director of Plessey Radar, said.

had been negotiating before the bid but which had been put

• the aquisition of a minority

stake in an unnamed Spanish defence company, thought to

• a joint development project for radar with Thomson of

be in the radar business;

on ice since then:

Plessey outlined four deals it

Plessey deals hindered by bid

BOC GROUP, the industrial gases producer, has seen its proposed \$65.8m (£37.8m) acquisition of the vacuum products division of Californ-ia-based Varian Associates blocked by the American Federal Trade Commission, the

was based on the competitive implications for supply in the market for Helium-mass spectrometer leak detectors.

BOC commented that it was disappointed by the FTC's deci-sion but will not now be pur-

was described by the British group as the biggest vacuum component manufacturer in the US at the time the deal was

have been complementary to its own Edwards High Vacuum International subsidiary, with which it would have been inte-However, it did concede that

there were certain areas of overlap. In the specific leak detector market cited by the FTC it was suggested that the number of players would be reduced from two or three to one or two as a result of the

### **Thorntons** profits surge to £6.86m

confectionery retailer and manufacturer, yesterday announced a pre-tax profit of 26.86m for the 32 weeks to January 7, an increase of 34.4 per

The confectioner, which came to the market last May increased sales by 17.1 per cent to £39.5m, some three per cent of which it attributed to Gartner Pralines, the Belgian chocolate maker which it acquired last July.

Earnings per share increased from 6.21p to 6.93p with the directors declaring an interim dividend of 0.82p per share, an increase of 17.1 per cent on the notional dividend of 0.70 in the

prospectus. Mr John Thornton, chairman and chief executive of Thorn-tons, said that the increased profits had come from improved margins, finance income on the cash raised by the floatation - £381,000 compared with a cost of £96,000 the previous year and a profit of £231,000 from from property disposals compared with

At the beginning of the year the group had 189 of its own shops, 117 franchise outlets and 26 Mary Morrison outlets. Sales to Marks and Spencer, Thorntons principal own label customer, increased by 13 per cent during the period while exports increased by 70 per cent.

"How the hell do you put this lot on your balance sheet?" Mr Mike Angus (above), Unilever chairman, asked yesterday. With several thousand trademarks in its international partfolio, the Anglo-Dutch consumer products group seems unlikely to follow the clutch of UK companies which has recently taken to valuing brands and associated goodwill, writes Christopher Parkes. It is more concerned with the escalating costs of promoting brands. Mr Angus told a news conference called to announce last year's results yesterday that a national product launch in the US could now cost "up to nine figures in dollar terms".

### Over 88% take-up for NFC rights issue

NFC, the transport and distribution group, yesterday said that more than 88 per cent said that more than as per cent of the shares issued under the one-for-eight rights issue that accompanied its £790m stock market flotation last month

had been taken up.
The bulk of the 39.91m new shares, which were priced at a deep discount of 130p, were provisionally allotted to NFC's

provisionally allotted to NFC's employees, their families and exemployees.

Together these people accounted for some 83 per cent of the shares before the company, which was formed through an employee buy-out in 1982, joined the stock market via an introduction. The size of the take-up was

higher than many observers had anticipated. It had been thought a greater proportion of NFC employee and ex-em-

ployee shareholders would adopt a passive role, leaving the company to sell their enti-thements for them through its share dealing arrangements.

Sir Peter Thompson, chairman, said he was delighted that the result indicated NFC's shareholders took an active role in the issue. "Our impres-sion is that significantly more employee and family share-holders took up their rights than we expected."

A special share by a trustee of NFC's share trust has the effect of giving double voting rights to employees, so long as total employee shareholding does not drop below 10 per cent of the equity.

NFC's shares, which closed at 248p on February 7, the first day of dealings, yesterday closed up 5p at 258p.

### **Associated Brit Consultants** for main market at £11m

By Clare Pearson ASSOCIATED Consultants, a building and civil engineering consultancy founded in the 1950's, is coming to the main market via a placing of 1.64m shares, or 23 per cent of the enlarged equity. This will capitalise the com-

pany at film.

About 42 per cent of the shares, which are being placed at 155p each, are being sold by existing shareholders. Brokers to the issue are Girozentrale Gilbert Elliot. ABC said that part of the

purpose of the placing was to

increase employee involvement in ABC. Partly through the profit sharing sheme, some 48 employees are already share-holders. Arrangements have been made under which employees may apply for about 5 of the shares in the placing.

ABC is forecasting profits on ordinary activities before taxa-tion of at least £1.6m for the year to end-April, or slightly more than double last time's figure. It will be coming to the market on a prospective price earnings multiple of about 9.5 times.

....

ALC: ULA

# Hanson disposals continue

THE steady stream of disposals by Hanson, the large UK conglomerate, continued yesterday with news that Devine Lighting is being sold to a manage-ment-level investor group for

\$11m in cash and notes. Devine is a Kansas City-based manu-facturer of lighting product and fixtures, bought as part of Kidde, the diversified US con-glomerate, in 1987.

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an offer or invitation to any person to subscribe for or to purchase any of the 8.875 per cent. Cumulative Preference Shares.

Application has been made to the Council of The Stock Exchange for the 8.875 per cent. Cumulative Preference Shares of English and International Trust plc to be issued in connection with the placing to be admitted to the Official List.

It is expected that dealings will commence on Wednesday, 8th March, 1989.

ENGLISH AND INTERNATIONAL TRUST plc Placing by Cazenove & Co.

15,000,000 8.875 per cent. Cumulative Preference Shares of £1 each at 100.623p per share

English and International Trust plc ("EIT") is an investment trust whose ordinary shares are already listed on The Stock Exchange. MIM Limited manage EIT's investment portfolio.

Listing Particulars relating to EIT are available in the statistical services of Extel Financial Limited and copies may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 14th March, 1989 from:

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN. English and International Trust pic

and during usual business hours, for collection only, on 2nd and 3rd March, 1989 from The Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1OD.

### The Prudential Insurance Company of America U.S. \$500,000,000

For the period 27th February, 1989 to 28th March, 1989 the Bonds will carry an interest rate of 10.075% per annum with an interest amount of U.S. \$213.42 per U.S. \$50,000 (the original Principal Amount) Bond, payable on 28th March, 1989. The Principal Amount of the Bonds outstanding is expected to be 52.592163% the original Principal Amount of the Bonds, or U.S. \$26,296.08 per Bond until the Twenty Seventh Payment Date.

Company, London

This notice is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for, or purchase, any securities.

### The City of Oxford Investment Trust PLC

(An Investment Company under S.266 of the Companies Act 1985 Incorporated in England: Registered No. 484535)

20,000,000

Ordinary Income shares **7ero Dividend Preference shares** 

Following the approval by Ordinary shareholders at an Extraordinary General Meeting, held on 28th February, 1989, of the reorganisation of The City of Oxford Investment Trust PLC into a split level investment trust company, the issued share capital of the Company comprises the above-mentioned

The Council of The Stock Exchange has admitted the above-mentioned shares to the Official List. Copies of the Extel cards containing particulars of the shares are available in the Extel Statistical Services and copies of the Circular issued by the Company to shareholders on 3rd February, 1989, may be obtained during normal business hours on any weekday until 3rd March, 1989 from the Company Announcements Office. The Stock Exchange, 46-50 Finsbury Square, London EC2N 1HP, and un to and including 14th March, 1989 from:

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# that the US business would

anti-trust regulatory body.

The deal was announced in
July, and at the time it was stated that the purchase was still subject to regulatory approval. Yesterday, in Washington, the FTC said that its concern

By Clay Harris

sue the acquisition. Varian Vacuum Products

announced.
Yesterday, the British com-pany said that it had believed Leisuretime sued over

**Worldwide Dryers contract** 

LEISURETIME International, the hotel, nursing home and tour operator, is being sued over its alleged failure to fulfill a contract relating to its purpose of 60 per cent, even though it sold Worldwide's assets for £11m in 1967 to HET, the international services accordance of 60 per cent, even though it sold Worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold Worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold Worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold Worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold Worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold Worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold Worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold Worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold worldwide's assets for £11m in 1967 to HET, the international services group of 60 per cent, even though it sold worldwide's assets for £11m in 1967 to HET group.

Leisuretime said yesterday chase of 90 per cent of World-wide Dryers, a supplier of warm-air hand dryers, in 1986.

In a writ issued in the High Court on Monday, Mr Geoffrey Mitchell, an ex-director and that it would resist the claim and that it was not making any provisions for damages. The possibility of legal action had been mentioned in several circulars to shareholders over the

past year. Worldwide was Leisuretime's first acquisition under the direction of Mr Tim Aithen, former chairman. Mr Aithen under a complex performance-related formula. Mr Mitchell claims that Leisuretime has subsequently left the company, which is now under the man-agement control of the Jivraj family.

# Hickson sees £26.8m

By David Waller

HICKSON INTERNATIONAL, the chemicals, timber treat-ment and building products group, yesterday accompanied the announcement of a £8.5m acquisition with a forecast that its pre-tax profits for 1988 would be not less than £26.8m.

former half owner of World-

wide, is seeking damages of more than £1.81m plus interest.

Leisuretime paid a nominal £2 for 90 per cent of Worldwide, with the rest to be bought

failed to pay anything for the

This is a 33 per cent increase on the £20.1m for 1987 and ahead of the £25m expected in the City. Earnings per share

will be about 20.5p, an increase of 31 per cent. The shares rose 6p to close at 236p.

The company said that the increase was due to strong second that the increase was due to strong second that the increase was due to strong second to the second that the increase was due to strong second to the second that the secon ond-half performances at Ker-ley and at Hickson & Welch.

The forecast was made at the insistence of the Stock Exchange because of the issue of new shares to finance the acquisition, so close to the formal announcement of the pre-liminary results on March 14. Hickson is buying Komfort Systems for £8.5m in total,

The initial consideration is to be financed by a vendor pla-cing of new shares at 225p to raise £6m and the issue of fur-ther shares to the vendor. A further cash placing will raise

including the assumption of £2m of debt.

£2m to pay off Komfort's bor-

# **Problems cut AMS profits**

FURTHER SERIOUS problems emerged yesterday at AMS Industries, the Lancashire-based designer and manufac-turer of studio sound equipment. Profits were slashed from £1.73m to £265,000 in the year to end-November 1988 after reporting £263,000 at half-

way. Mr David Moulds, the non-executive chairman, has

executive chairman, has resigned.

Earnings per share for the year are down from 3.75p to 0.61p. The company is proposing a final dividend of 1p holding the total for the year at 1.5p. However, two shareholders speaking for 72.6 per cent of the equity are waving their entitlement to the final payout.

AMS has had an unhappy stockmarket career. Shares stockmarket career. Shares were floated at 95p in 1985 and hit a high of 125p in early-1986. But by mid-1986, the company was taking a more cautious view of current trading and

more direct warning. In 1986/7 profits fell from £2.2m to the £1.73m figure.
Yesterday, the shares fell a

rescerciay, the shares left a further 3p to 35p.
The company blames a series of problems for the latest downswing. It said there had been an insufficient improvement in sales - slightly reduced from 28.82m to 28.77m - to offect increased overheads. The

from 25.52m to 25.77m - to offset increased overheads. The
company explained yesterday
that the latter were partly due
to the move to new premises
and R&D spending.
Some AMS ranges saw some
sales improvements, in particular, sales of AudioFile rose to
£3m, the Cairec business,
which was acquired in 1936,
faced reduced turnover.
Problems were apparently
compounded by the fact that
"unsuitable" contract orders
were taken on at Cairec. AMS were taken on at Calrec. AMS said that a breakdown in man-agement systems, so that cost structures were not properly

ability of these contracts remained unquantified. The company added that it had brought in a finance director - never having had one before - and that accountancy systems had been installed. The company changed its audi-

The aim, was to return to 1986/ 7 profit levels in the current year although AMS warned that the year would be weighted to the second half. Mr Moulds, who targeted

tors last year. Some low margin Calrec business runs into the current year, but "a move to higher margin products is underway".

profit improvement for the year under review at last April's agm, resigned after finding himself unable to agree with the board's conclusions over the future strategy.

The company said yesterday that it had decided that the year was abnormal and that the best course was to implement controls and soldier on

ment controls and soldier on

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### **UK COMPANY NEWS**

# Accounting change boosts Cresta trebles profit Cityvision to over £5m

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A CHANGE in accounting policy helped Cityvision, the USM-quoted video hire group, increase its pre-tax profits five-fold from £1.08m to £5.43m for the year to November 30. The result was boosted by a change in its policy on depreciation, which added \$2.0m to the result. Cityvision has increased the period of depreci-ation for its tapes from 15 months to 20 months in an attempt to reflect more accu-rately the useful life of the

The results exceeded the company's 24.9m profit fore-cast made last November, although profit taking resulted in the share price edging down 3p to 140p. Mr David Quayle, chairman, said that like-for-like growth in

existing stores was over 20 per cent. Turnover tripled to £14.70m (£4.17m).

During the year, the com-pany's Ritz Video Film Hire chain expended from 55 to 165 stores, following the acquisi-tion of 48 stores and the open-ing of 62 stores. Since the end of the way the stores are of the year, the expansion pro-gramme has accelerated and the company now has 257 Rarnings per share increased from 248p to 8.64p. A dividend of 1.0p (0.5p) was declared.

**OCCUMENT** 

we expected special share by the FC's share true is of giving double to In the past two years, Cityvi-sion has metamorphosed from s to employees we comployee skeries not drop below the



David Quayle:profits above

a loss-making video tape dis-tributor to a thriving USM hotstock through the energetic application of an apparently simple idea. The small, slightly sleazy and inefficient small chains which made up the highly fragmented £475m video hire stores market left ample scope for consolidation by a slickly-managed, family orien-tated video hire chain. True to plan, Cityvision is on target to take a 12 per cent market share at the end of the year - putting it streets ahead of its nearest rivals which have a mere 1 per cent share. Looking ahead, it reckons it can notch up a 20 per cent market share, which assumes such spectacular growth that some in the City are left looking for a catch. But, apart from queries about convertibles, in the depth of the company's the better bet.

Cityvision

middle management, the snags are not obvious. The video market is still growing at 10 per cent and ferocious competion from satellites seems a long way off. Almost alone of the niche retailers, moreover, Cityvision has a cheap formula for organic expansion. It has avoided the escalating rents of the prime retail sites by concentrating on unassuming positions close, for example, to local takeaways. Assuming it continues to acquire compa-nies hand over fist, forecasts for the current year are diffi-cult. But if it makes profits of f9m, the shares are on a price/ earnings multiple of 12. After a steep rise in recent months, that is reasonable on a medium-term view, although the

# Pickwick held to 10% rise

By John Thornhill

A DISAPPOINTING December and high capital expenditure restricted the rise in profits at Pickwick Group, the distribu-tor of records, cassettes and videos, to 10 per cent in the year to December 31. Pre-tax profits rose to £3.3m

(£3m) on turnover up 31 per cent to £41.48m (£31.78m). The growth in overall turnover came about through a substantial increase in sales of video products which accounted for 61 per cent of the group's total turnover base

group's total turnover base compared to 50 per cent the previous year. Commenting on the results, Mr Ivor Schlosberg, chief exec-utive, said higher interest rates had resulted in retailers keeping stocks to a minimum in what was normally the busiest trading period in December.

The company had also spent \$4m from its own resources on financing the development and

Over 1 up to 2 ... Over 2 up to 3 ... Over 3 up to 4 ...

Over 4 up to 5... Over 5 up to 6...

Over 6 up to 7 ... Over 7 up to 8 ... Over 8 up to 9 ...

Over 15 up to 15 ...... Over 15 up to 25 ......

acquisition of new product lines and other capital expendi-

Several projects have now been completed including building mechanised video and mail order warehouses and a video production and sound studio complex. The company has also introducted new computer systems, integrated the newly-acquired Old Gold record company and restruc-tured distribution arrangements with major retailers.

"At some stage we had to

hite the bullet and invest in new infrastructure," said Mr Schlosberg. The results reflected Pickwick's transition

from a small to a medium sized company, he added. He was cautious about how long it would take the group to consolidate these investments. But once it had done so "it would allow the management

space and time to expand into

12% 12% 11% 11% 11% 11% 10% 10% 9%

12% 12% 12% 11% 11% 11% 11% 11% 11% 10% 10% 9%

Yield %

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7.6 43 18 263

18 26.3 63 -43 7.9 26.3 -41 45 84 39 13.7 9.4 32 8.4 15.9

15.9 24 JA9

75 38 20 373 28 132

26 11.3 7.3 . 5.8 9.4 4.4 70.2

10.3 10.0

6.1 10.3

12.0

33

7.5 8.0 7.7

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new and complimentary areas of business," he said.

convertibles, at present, look

Pickwick has introduced a new range of Ladybird videos inassociation with Pearson, which owns Penguin, Longman and the Financial Times, and is hoping to develop this relationship in other areas. Last year, Pearson acquired a 21.2 per cent holding in Pickwick.

Mr Schlosberg said that

there was great competition for retailers' shelf space and this had affected sales of children's books and cassettes during the second half. In response to this, Pickwick had launched a Video Playpack range which included a video, book and cassette and this had produced an encouraging response.

Earnings per share rose to 9.8p (8.9p) and a final dividend of 2.25p (1.8p) was recom-mended, making a total of

# to £3.3m and buys four nursing homes

By David Waller

Man-based group, yesterday announced more than trebled pre-tax profits for 1988 and the purchase of four nursing omes in Northern Ireland for a total of £6.5m.

Pre-tax profits for 1988 vanited from 2973,000 to £3.2m on turnover up from £13.6m to £41.7m. Barnings per share were up from 5.5p to 12p and the final dividend is to be 1p per share (0.75p) making a total of 1.5p, twice the 1987 payout.

In an effort to broaden the company's shareholder base, Cresta is seeking to raise £7.1m by placing 8.4m new shares with institutions. The price will be 89p per share, a 5 per cent discount to yesterday's opening price.

There will be a clawback for existing shareholders, who will be able to subscribe for the

CRESTA Holdings, an Isle of new shares on the basis of 2 for every 9 already held.

Cresta, which joined the market by way of an introduc-tion in 1987, has interests in financial services, property and advertising as well as nursing Although it aims to grow by

acquisition - in three geographical areas, the Isle of Man, Northern Ireland and North West-England - the company said yesterday that organic growth over the current year was "budgetted to be excellent". Cresta is buying the Croagh Patrick clinic on the coast of County Down and Donacloney House near Bel-fast, for £4.3m. The belance of homes to be built to Cresta's have 225 beds fully occupied by

### **EFT Group reports 51%** improvement to £1.22m

By John Thornhill

EFT GROUP, the Edinburgh-based financial services company formerly known as Edinburgh Financial Trust, lifted pre-tax profits by 51 per cent to £1.22m in the year to December 31, up from £810,000

in the previous period.

Revenue rose 53 per cent to £4.15m (£2.72m). Earnings per share climbed by 30 per cent to 3.25p (2.5p) and the proposed final dividend of 0.5p (0.25p) makes a total of 0.7p, double last year's 0.35p.

Mr Peter Stevenson, who became executive chairman last Friday following the resig-nation of Mr Hugh Barry, the acting chairman, said that the issuing house subsidiary, Edinburgh Financial Trust, had had a record year. It had given advice on 18 transactions with a total capital value of about

The addition of Stevenson Trust, Mr Stevenson's investment banking and corporate finance company, from January 1989 would increase the spread and quality of the client base, he said.

The asset finance group, EFT Finance, broke into profit in September 1988, 15 months after its formation, and increased its net outstanding finance contract receivables by £14.7m to £19.2m

Glasgow Investment Managers, EFT's investment management subsidiary, increased

the external funds under manageil serment by 15 per cent to £110m.
In July it launched a £14.5m
investment trust, Glasgow
income Trust, by way of a subser to scripton offer and a Stock Exchange listing.

Mr Hamish Grossart, manag-ing director, said yesterday that the group was ambitious to expand into a more broadlybased investment banking group throughout the UK and In the next two to three

years EFT hopes to add devel-opment capital management and treasury management activities to its business and develop a presence in London. "It is difficult to arrange busi-ness in the shuttle lounge," he

 Caparo Investment has sold
 1.5m shares in EFT to Dundee and London Investment Trust and no longer has a disclosable

### FSM option lapses

**Ford Sellar Morris Properties** the USM-quoted property group, has allowed its option to acquire a 74.1 per cant stake in privately-owned London & Overseas Land to lapse.

"Having looked at the com-pany, we didn't feel it was right for us to proceed" said Mr Irvine Sellar, chief executive.

### News Digest

### **Profits** jump 35% to £5.04m

STAT-PLUS

STAT-PLUS GROUP, legal stationery supplier, achieved a 24 per cent increase in sales to £12.6m and 35 per cent increase in pre-tax profit to £5.04m for 1988, despite a downturn in the housing market which produces much

Earnings per 5p share were up 36 per cent to 15.1p and the company is proposing a final dividend of 2.25p per share, giving a total of 3.5p (2.25p). Mr Derek Bird, chairman, said: "The last few months of

1988 proved to be a challenging time for Stat-Plus because of the reduction in conveyancing brought about by the slowdown in the UK property

The company remained cautious about the first six months of 1989, predicting that the level of home buying would remain depressed while interest rates remained high.

MURRAY INCOME

### Net asset value advances 10%

Net asset value of Murray Income Trust stood at 216.1p per ordinary and "B" ordinary at December 31 1988, compared with 196.8p a year earlier, an increase of 10 per cent. Net revenue for the six months improved by 30 per cent to £3.67m (£2.83m) for

earnings per share 1p ahead to 4.41p. The interim dividend

an interim for 1989/90 of 5.64p. They said that in late autumn the company increas its exposure to euro equities prior to the strong rallies in those markets and increased

GRAFTON GROUP All-round

improvement Grafton Group, Irish maker and retailer of building and

diy products, saw pre-tax profits for 1988 rise 73 per cent from E1.27m to E2.19m (£1.84m) with all divisions improving profitability. Turnover was £53.27m (£49.46m). After tax of £533,000

CHAMBERS FARGUS **Profits static** at £335,000

months to December 31. Turnover was 17 per cent higher at £9.48m, against 28.06m.

### MONTHLY AVERAGES OF STOCK INDICES

Financial Times Government Securities - Fixed Interest	88.72 97.87	87.85 96.62	87.00 96.27	88-23 97-25
OrdinaryGold Mines	1676.2 164.5	1543.5	1438.4	1478.1
SEAQ Bergains (5 p.m.)	32,208	165.9 32,174	170.5 18,948	175.1 24,100
F.TActuaries Industries Group 500 Share Financial Group All-Share	1088.18 1158.47 751.74 1059.28	994.82 1094.79 704.48 978.16	925.96 994.41 671.35 914.63	969.40 1034.07 688.61 948.92
FT-SE 100	2045.2	1891.7	1759.7	1818.0
	Feb. High		Feb.	Low
Ordinary	1714. 1082.8		1644.2(27th) 1039.40(27th)	

is lifted 1p to 3.5p, as already announced, and will be paid in three equal instalments. Directors forecast a 7.8p total for the year to June 1989, and

its UK equity exposure, thus entering the recent strong rise in UK stock markets fully

(£361,000) stated earnings per share were 13.3p (7.4p). The directors are proposing a final payment of 2.5p making a total for the year of 4p (3.1p).

Chambers & Fargus, seed crusher and edible oil refiner, reported little changed pre-tax profits of £335,000 for the six

From unchanged earnings

Financial Times Government Securities - Fixed Interest	88.72 97.87 1676.2 164.5 32,206	87.65 96.62 1543.5 185.9 32,174	87.20 96.27 1438.4 170.5 18,948	89.23 97.25 1478.1 175.1 24,100	
F.TActuaries Industrial Group 500 Share Financial Group	1088.18 1158.47 751.74 1059.28	994.82 1094.79 704.48 978.16	925.96 994.41 671.35 914.63	969.40 1634.07 688.61 948.92	
FT-SE 100	2045.2	1891.7	1759.7	1818.0	
	Feb. High		Feb.	Low	
OrdinaryAll-Share	1714.1 1082.8 2096.1	4(8th)	1644.2(27th) 1039.40(27th) 1996.7(27th)		

per 5p share of 4.5p the interim dividend is maintained at 1p. Tax was £117,000 (£115,000). During the early weeks of the present half the seed crushing and oil refining plants operated at high volumes, the directors said.

HIGH POINT

### **Development** costs limit rise

High Point, scientific services company, reported taxable profit higher at £797,000, against £659,000, for the six months to the end of November 1988. Turnover increased from £13.15m to £19.16m.

After higher tax of £311,000 (£237,000) earnings per 10p share came out at 9.9p (8.88p). The interim dividend has been raised to 2.25p (2p). The comparatives have been adjusted as Rendel Palmer and Tritton is now treated as a

wholly-owned subsidiary. The results have been affected by the acquisition and reorganisation of London Scientific Services and the strengthening of the Rendel Palmer and Tritton brand

### **BENSONS CRISPS** Profits up 42% to over £1m

Bensons Crisps, USM-quoted manufacturer of crisps and snacks, reported a 42 per cent increase in pre-tax profits from £722,529 to £1.03m in the year to November 26 1988.

Sales rose by 17 per cent to £14.7m (£12.6m). After an increased interest charge of 25,073 (£1,679) and tax of £335,344 (£288,251) earnings per 10p share were 9.3p (5.9p).

A final dividend of 1.25p is proposed making 1.75p for the year. This compares with last year's payout of 0.5p, the first dividend to be paid since 1988.

Mr Malcolm Jones, chairman, said sustained investment in both products and plant had enabled Bensons to remain on course with its profit objectives within a highly competitive trading

### **RHOMBUS** EXPLORATION LIMITED ("RHOEX")

(Reg. No.87/01030/06)

### THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LIMITED ("USCO")

RHOMBUS MINING (PTY) LIMITED ("RHOMBUS")

(Reg. No. \$2066(\$07)

(Reg. No. 01/03874/06)

### JOINT VANADIUM VENTURE

INTRODUCTION Further to the causionary announcement on 1 February 1989 the boards of USCO, RHOEX and RHOM-BUS wish to announce that an agreement has been concluded between USCO, RHOEX and RHOMBUS whereby the parties will enter the business of the mining and the processing of variadium bearing ore and the marketing of vanadium pentoxide flakes to a planned capacity of approximately 9 000 tons (19.8 milison ibs) per <del>amann</del>.

The essence of the venture is a long term supply agreement whereby tramiferous variablerous magnetite will be mined, processed to product specifications and supplied to USCO where it will be processed to variable fakes and marketed internationally.

### MINING OPERATIONS

2.1 Structure and mineral rights
Mining will be conducted by Rhombus Vanadium (Pty) Limited ("The Mining Company"), a subsidiary of Rhombus Vanadium Holdings Limited ("Rhovan"), which has been formed specifically for the purpose of exploiting this opportunity. Rhovan will be controlled by RHOEX which will have 70% of the initial equity. USCO and RHOMBUS will hold minority interests on Rhovan.

The Mining Comments (which is reviewed in Ronhutatswana) is the holder of a long term musical The Mining Company (which is registered in Bophinatswana) is the holder of a lone term materal lease over one reserves stretching over a strike distance of approximately 17 kms in the Buls area. In terms of the mining supply agreement, Rhovan has undertaken to procure the supply to USCO of the applicable magnetite product on a mutually exclusive long term basis.

RHOMBUS, which has been instrumental in the commercialisation of the mining project, will manage the mining operations in terms of a management agreement being concluded.

2.2 Shareholding and raising of capital
The estimated capital expenditure required in order to establish the mining operation will amount to
approximately R22 million. It is the intention of RHOMBUS, RHOEX and USCO to apply for a
listing of Rhovan on the Johannesburg Stock Exchange ("the JSE"). Furthermore it is proposed to
raise funds of R15 - 20 million by means of a rights offer to the shareholders of Rhovan. RHOEX
and RHOMBUS will renounce their rights in favour of the shareholders of RHOEX.

PRODUCTION OF VANADIUM PENTOXIDE FLAKES BY USCO

Variable Prints
An under-utilised production facility at Veneniging will be used and additional process equipment for the manufacture of variadium pentoxide flakes will be installed by USCO at a total cost of approximately R20 million. The facilities will have the capacity to produce 19.8 million lbs of Production is expected to commence early during 1990 and magnetite ore will be supplied to USCO in terms of the supply agreement referred to in 2.1 above.

The possibility of extracting and marketing the iron and manual transium by-products is being investigated.

3.2 Marketing USCO has entered into an agreement whereby Brandeis Ltd has been appointed as sole marketing agent for the vanadium pentoxide product produced by USCO.

3.3 Royalty
In addition to the payment of the contract price for magnetite ore supplied to USCO by The Mining Company through Rhovan, USCO will pay to Rhovan a royalty based on a percentage of the profits derived by USCO from its vanadium venture

3.4 Funding of expital expenditure The capital expenditure to be incurred by USCO referred to in 3.1 above will be financed from internal sources or borrowed funds.

EFFECTS OF TRANSACTION ON THE EARNINGS OF RHOEX AND USCO ion is anticipated to have a positive effect on the future earnings of both RHOEX and USCO.

Subject to the approval by the ISE for the listing of Rhovan, a prospectus of Rhovan incorporating an

offer by way of a rights issue will be sent to Rhovan shareholders and their renouncees in due course. BY ORDER OF THE BOARD

P. E. BRINK

USCO - London Office

28 February 1989

This advertisement is issued in compliance with the regulations of The International Stock Exchange of the United Kingdom and the Republic or Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase

Application has been made to the Council of The Stock Exchange for the Ordinary Share capital (both issued and to be issued) of Pavilion Leisure Holdings P.L.C. to be admitted to the Official List. It is expected that, subject to the passing of resolutions to be proposed at an extraordinary general meeting of the Company convened for 6th March, 1989, the existing issued Ordinary Shares and the new Ordinary Shares to be issued will be admitted to the Official List on 3rd March, 1989 and that dealings will begin fully paid in the existing Ordinary Shares and the new Ordinary Shares being issued as part consideration for Hawkstone Park Hotel Limited on 7th March, 1989.

### PAVILION LEISURE HOLDINGS P.L.C.

(Incorporated in Scotland under the Companies Acts 1862 to 1900 registered number

Application for admission to the Official List of 7,053,120 Ordinary Shares of 10p each, including 2,020,000 new Ordinary Shares of 10p each being issued as part consideration for the proposed acquisition of Hawkstone Park Hotel Limited.

### **SPONSORED BY**

### **CHARLTON SEAL SCHAVERIEN LIMITED**

### SHARE CAPITAL

Authorised and to be authorised £4,000,000 £3,172,840

£7,172,840

in Ordinary Shares of 10p each in Convertible Preference Shares of £1 each

Issued and to be issued fully paid £3,172,840 £3,878,152

The principal activities of the Group are the management and operation of the Pavilion Theatre, Glasgow and the Aston Hippodrome, Birmingham. Completion of the acquisition of Hawkstone Park Hotel Limited and the Hawkstone Park hotel is, subject to shareholders' approval, expected to take place on 6th March, 1989.

Listing particulars relating to the Company are available in the Extel Statistical service and are also available until 3rd March, 1989 at the Company Announcements Office 46/50 Finsbury Square, London EC2A 1DD and until 21st March, 1989 at the following

Charlton Seal Schaverien Limited 76 Cross Street Manchester M60 2EP

Pavilion Leisure Holdings P.L.C. 121 Renfield Street Glasgow G2 3AX

1st March, 1989

### TEESIDE

181/2 Sekforde Street

London EC1Y 4XD

The Financial Times proposes to publish this survey on:

21st March 1989 For a full editorial synopsis and advertisement details, please contact:

> Hingh G Westmace on 0532 454969 Fax: 0532 423516 or write to him at:

Permanent House.

Leeds LSI 8DF FINANCIAL TIMES

### INTERNATIONAL DIRECT MARKETING

The Financial Times proposes to publish a Survey on the above on

### 18 April 1989 For a full editorial synopsis and advertisement

details, please contact: Neville Woodcock

ов 01-248-8000 ext 3365 or write to him at: Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES

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### JOBS

# How countries rank in executive car league

By Michael Dixon

"COULD ONE have the temerity to ask for a bit more sparkle?", inquires Paul Goodman, of Ruislip, in less than gruntled response to the Jobs column's recent efforts.

Alas, sparkle does not come to ever the order consider. come to order, especially in the few months before the

Spring Equinox. But this week's topic should enable me at least to put a gloss on things, if not a high polish. For the topic — which I hear is still among the hottest in company cars, and their prevalence as a managerial perk across most of Europe.

The information is drawn from the latest of the annual surveys by the Brussels-based consultancy, Executive Compensation Service, part of the international Wyat group. Anyone wanting full details of the study, which covered 1.394 companies of various sizes and types in 17 countries, should contact Paul Curley of ECS at 273 Avenue de Tervuren, 1150 Brussels, Belgium; tel (02) 771 99 10, fax (02) 762 37 43.

All I have space to report is two aspects of the findings. But before doing so I'd better stress that while the survey is the most comprehensive study of company cars known to me, it refers only to the organisations which took part. It cannot be taken

	PEH	CENIA	GES U	f Direc	FIURS	HECEL	ING A	CUMPA	NY CA	ři
	Chief execs	Mar- keting	Sales	Finance	Admin	Per- sonnei	Prod- uction	Engin- eering	Res- earch	D-F
ireland	100	100	100	100	_	100	100	100	-	-
Finland	100	100	100	95	100	100	100	100	100	_
UK	97	96	99	98	95	99	100	98	95	96
Norway	100	100	92	86	100	_	_	100	_	_
Sweden	100	100	91	94	88	93	90	100	100	100
Denmark	100	91	100	95	_	67	67	94	_	100
Portugal	91	90	98	93	81	83	87	76	79	100
Belgium	96	96	92	85	76	83	71	76	73	77
Netherlands	92	96	91	88	72	79	74	77 -	81	73
Austria	100	94	95	78	83	67	60	75	_	_
Germany	95	82	92	74	84	70	74	<b>68</b>	75	50
italy -	94	89	86	81	70	73	67	63	72	64
gruodmexul	100	93	88	67	50	56	65	63	67	_
Greece	84	85	75	56	50	64	85	42	80	_
Spain	91	67	80	77	50	61	61	54	50	56
Switzerland	84	78	74	60	57	58	40	75	55	_
France	88	76	80	60	59	53	47	60	44	36

companies are reputed to be

to reflect the prevalence of four-wheeled perks among all companies in the 17 lands. The first of the two aspects is the national variances in the percentages of board-level managers receiving cars. The figures for chief executives and directors of nine specialisms including data-processing are shown by the table above, in which each country is ranked by its all-directors

As may be seen, the United Kingdom - where

the world's most generous in awarding cars — comes third behind Ireland and Finland. But their scores are based on small samples of companies: 15 in Ireland and 34 in Finland. The number in fourth-ranked Norway, too,

was only 27. So it is possible that the UK, where the sample was 149, should really head the league. What is more. although the ECS study does not show the extents to which four-wheeled perks are

received by executives below board level, other evidence indicates that they are far more commonly awarded to middle managers in Britain than anywhere else.
But the ECS survey does

take account of more junior executives in another aspect of its findings. Companies taking part were also asked which types of cars they supplied to their middle as well as top managers. And by giving points to each type according to the frequency with which it was named, I have compiled "popularity leagues" for the various levels of management. The leagues are based, not on individual models, but on series thereof. For example, all Audi 100s are lumped together despite differences in engine details or even size, let alone other trimmings.

A total of 61 such series

A total of 61 such series were mentioned. When all levels of management are combined, the European Top 20 were: Make and series

10.7

6.8

of car Audi 100 Ford Scorpic/Granada Renault 25 **BMW 500** Opel Omega Volvo 700 Ford Sierra Saab 900 Renault 21 **BMW 300** Volvo 200

Peugeot 505 Citroën BX Opel Vectra Audi 80 Honda Accord Lancia Prisma Mazda 626

The two Opel series, the Omega and Vectra, are better known in the UK as Vauxhall Carltons and Cavaliers.

Among chief executives, the most popular six were: Volvo 700 Audi 100 11.4% BMW 500 10.8% 10.4% Renault 25

The equivalent ranking for the other directors was: Audi 100 Ford Scorpio/Granada 9.7% **BMW 500** 7.6% Renault 25 7.1% Opel Omega

5.5% And the top half dozen for the middle managers were: Ford Sierra 8.7% Audi 100 Opel Vectra 6.9% Opel Omega

The Audi series' success the Aum series' success at all levels put the parent Volkswagen group first among the 16 manufacturers of the 61 types named, with 14.3 per cent of total points. Ford was second with 13.2 and Renault third with 12.3.

The four Japanese makers mentioned (the two listed earlier plus Nissan and Toyota) collectively scored only 3.7 per cent. But they did better than the UK pair: Rover with 1.6 per cent and Jaguar with a mere 0.4.

Audi 80

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£ various

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The successful candidate will head up an established Legal Department and will be responsible for all aspects of legal work including liaison with subsidiaries, other banks with whom our client has relationships, outside

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Please write in total confidence in the first instance to the Company's Advisor in this matter Colin Barry, Senior Partner, Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

### Jonathan Wren Executive

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Please contact Sarah-lane Wittridge or Jenny Rockigues for details of these and other inte or write to them at Anderson, Squiges Ltd., (Financial Recruitment Specialists), 127, Cheepi resting opportunities. Telephone 01-606 1708, elde, London EC2V 68U. Telephone 01-726 4031,

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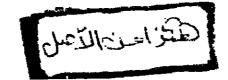
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The Royal Bank of Scotland Group plc

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The bank can offer a competitive salary and

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# Jonathan Wren Leasing

ASSET FINANCE PROFESSIONAL

Applications are sought from senior asset finance specialists currently enjoying a well deserved professional reputation within a major merchant/international bank or leading 'packager'. The successful applicant's prime function will involve the marketing and structuring of major asset finance packages and the provision of a financial advisory service to leading international companies. Aged 32 to 37 years, of graduate calibre, the appointee will possess a sound knowledge of current UK, US and European markets, the professional expertise to identify business opportunities and the inherent technical ability to formulate complex financial packages. Both the level of the appointment and the high degree of responsibility are reflected in the excellent incentive-related remuneration package.

MARKETING MANAGER

to £40,000 plus full benefits

A leading merchant bank seeks applications from ambitious marketing professionals aged 28 to 36 years, experienced in the identification and development of middle/big ticket leasing opportunities. This is a highly challenging opportunity and therefore a successful track record in negotiating, pricing and structuring transactions is a prerequisite. The appointee will be required to establish and maintain relationships with existing/potential customers, major suppliers and various 'packagers'/intermediaries within the leasing industry. An attractive basic salary and full banking benefits are offered in

SENIOR CREDIT MANAGER

HONG KONG

£35,000 plus substantial benefits

Increases in both business volume and complexity of transactions have resulted in an urgent requirement for highly competent credit specialists for two of our most valued clients. Suitable applicants, aged 32 to 40 years, having benefited from a thorough credit training within a banking or leasing environment, will clearly demonstrate sound analytical skills applied at senior level within a specialist credit function. The depth of their previous credit experience and knowledge of asset based finance will ensure the accurate preparation of detailed credit proposals in respect of complex middle/big ticket transactions. Responsibilities will also include the training of additional personnel and involvement at credit

> If you are interested in any of the above vacancies, or would like to discuss the market in general, please telephone Jill Backhouse or Peter Haynes, or forward a detailed curriculum vitae in strict confidence.

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No.1 New Street, (off Bishopsgate), London EC2M 4TP. Telephone: 01-623 1266. Fax: 01-626 5258.

### NATIONAL DEBT OFFICE DEPARTMENT OF FINANCE IRELAND

The National Debt Office of the Department of Finance arranges the funding of the Irish Government's borrowing requirement and actively manages the outstanding debt. The Office wishes to appoint highly qualified persons to fill the following senior posts. Senior Commercial Paper Dealer

**Senior Monetary Economist** 

### SENIOR COMMERCIAL PAPER DEALER

The National Debt Office operates Commercial Paper programmes, at present totalling \$500 million, in both the US domestic market and in the Euro-market. In addition, special tranches of short term paper, at present totalling \$200 million equivalent, are sold in ireland to multi-national companies under Section 69 of the Finance Act 1985. These operations are an integral part of the Exchequer's short-term debt and money management strategies and offer access to arbitrage and swap opportunities in a

An opportunity exists at a senior level for a person with the necessary skills and experience who will take responsibility for the day-to-day running of the programmes and who in particular will (i) place and distribute Ireland's Commer-

cial Paper and Section 69 Securities through a wide spectrum of agent banks in Dublin, New York and London; (ii) continue to improve the price perfor-

mance of the Paper; (iii) take advantage of yield curve oppor-

(iv) arrange the most cost-effective foreign exchange swaps into appropriate

The person appointed will have an accomplished and proven background in Commercial Paper dealing or have similar money management and foreign exchange experience, and will fit readily into the Office's foreign borrowing and debt management team. A working knowledge of a wide range of financial engineering techniques would be an advantage.

### **SENIOR MONETARY ECONOMIST**

Qualified candidates will have a - first or second class honours degree in

economics or equivalent qualification;
strong analytic background in monetary
economics with an expert knowledge of
financial markets; - significant experience gained from

working in an appropriate financial organisation; good communicative skills.

The successful candidate will be a committed professional within the National

Debt Office, while at the same time working as part of a team in a key advisory role. He/she will be capable of — advising on future movements in interest

and exchange rates, and coming to convincing conclusions in these areas; making a major input to strategic decisions on Government borrowing and

to liability management;
— acting as the Office's professional economic adviser in dealings with rating agencies, other international bodies and

The remuneration available to the successful appointees will be negotiable, but will be competitive and reflect the importance that the Office attaches to these appointments. The appointments will be for a three-year full time contract period.

Qualified persons interested in these appointments should send a complete curriculum vitae, in strict confidence, to Stephen O'Neill, Head of Personnel, Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2 before 17th March 1989.

THE DEPARTMENT OF FINANCE IS AN EQUAL OPPORTUNITIES EMPLOYER.

As a leading Securities House, our client now forms an integral element within one of the U.K.'s leading Merchant Banking groups. Fleet Partnership has been retained to assist in the selection of outstanding analysts in the following sectors.

Analysts

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\* Engineering

\* Food/Retailing

Banking and Financials

\* Stores

In order to qualify candidates will undoubtedly have already built a sound analysis and research reputation in the City.

Contact, in total confidence, Elizabeth Sullivan.

the *leet* partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours) Fax: 01-831 494.

# **Marketing Director Financial Services**

London

Part of a prestigious Group, our client is a leading provider of finance to a broad range of corporate and private customers. The company operates through decentralised divisions, each tailored to meet the needs of the market sector it services.

Assisted by a small executive team and with indirect responsibility for divisional marketing management, the Marketing Director will provide a strategic marketing resource to maximise penetration of existing markets and develop new ones. He or she will also be the custodian of corporate image and quality standards.

c. £40,000 + car + bonus etc.

MIT

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Candidates should have a proven record in all aspects of marketing, gained within a marketing-led consumer or business-to-business services organisation. Previous experience of financial services marketing is highly desirable, as is experience of the function within a decentralised environment.

The benefits package includes a quality car, mortgage subsidy, executive pension scheme and relocation assistance where appropriate.

Please write -- in confidence -- giving a daytime prone number to Ann Rodrigues, ref. FT.41027.

MSL International 32 Aybrook Street, London WIM 3 JL.
Office in Europe, the Americas, Australesia and Asia Pacific.

### CREDIT OFFICER

Our client, a small and progressive International Bank, is currently expanding its credit/marketing team and seeks to recruit an accomplished Credit Analyst, preferably a graduate, with potential for future advancement, aged e-m 20s. Experience of asset related finance would be a distinct advantage. Undertailing a full marketing support role, the position offers reward and challenge.

Salary: to £25,000 p.s. Contact: Maggie Griffiths

**CREDIT ANALYST** The London operation of a highly reputable European Bank requires an additional Analyst to join a specialist Corporate Finance team targeting mid-market clients. Candidates are likely to be graduates with a minimum of two years' corporate credit experience gained within a

GORDON BROWN & ASSOCIATES LTD. RECRUITMENT CONSULTANTS

Selary: to £30,000 p.a. Contact: Maggie Griffiths ACCT. MGR. — PROPERTY

**ACCOUNT OFFICER** 

Opportunity for a well aducated, well qualified Account Officer to join a small section at a leading international Bank, marketing to top name UK corporates. Good customer skills, resourcefulness and the ability to use initiative will be called upon within a vigorous, expanding environment offering excellent career development

A prime name European Bank, strengthening their London capability, has identified a new position for a person offering three years' experience of specialist property lending. Principal duties will involve structuring and arranging property related project lending and account relationship responsibilities.

Salary: to £35,000 p.a. Contact: Frank Hoy

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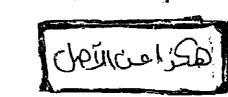
### **GLOBAL FIXED INCOME SPECIALIST**

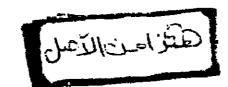
One of the world's largest and most respected Global Investment Management Companies seeks a highly talented self motivated global fixed income specialist.

The successful candidate will have 2-5 years broad based experience in international fixed income investment management and research. Good communication skills are essential.

A fully competitive compensation package commensurate with experience is offered together with prospects for rapid career advancement and the immediate opportunity to become a key member of the London-based team.

Please reply in strict confidence. providing C.V., to Box A1147, Financial Times, 10 Cannon Street, London EC4P 4BY





# **ANALYST** INTERNATIONAL **FINANCIAL MARKETS**

CITY

Our client is one of the world's most respected credit rating organizations whose reputation is built upon the quality of its analysis, together with the professionalism and integrity of its staff. Their London office, which provides analytical rating services to the International Capital

Markets, is now looking to recruit a high calibre graduate, preferably with an MBA. Following a period of training in New York, you will join a team of professionals in Lond focused upon the rating of structured financings. Analysis of a variety of complex factors which impact on this market, working closely with merchant banks and issuers and accurately communicating our clients opinions, all form part of the individual and team function. As a result this position offers the very real opportunity to positively influence this rapidly expanding financial

Candidates will need to demonstrate a creative, yet practical approach to work, combined with the self-motivation, diplomacy and communication skills necessary to respond to this undoubted challenge. A familiarity with financial markets would be a strong advantage as would knowledge of a European language.

Please write in confidence or contact for further inform

Gili Pemb Well Court Associate 11 Well Court idon EC4M 9DN. Tel: 01-236 0723.

# SENIOR MANAGER UK CORPORATE LENDING

The opportunity to lead the UK Marketing Team at one of the world's largest banks.

Your objective will be to build up the Bank's business with UK corporates by leading the marketing effort to expand the client base. The target will be to develop the loan portfolio with major and middle sized UK companies.

The Bank is long established in London, and has witnessed substantial growth in recent years. It has a broad and sophisticated product range: in addition to traditional corporate lending it is active in treasury, cross-border lending, and special finance including more complex loan arrangements in property mergers and acquisitions and aircraft financing.

We invite applications from candidates with

substantial experience of lending to UK business, gained at a senior level in a major bank. You must be able to show evidence of outstanding achievement in marketing, and of the management skills required to lead a team of professionals. The Bank seeks to appoint a top quality banker, with the ability to play a leading and active part in its expansion in London, and will negotiate a package to achieve this.

To apply please write or telephone John Sears, John Sears & Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP. Telephone 01-222 7733.

John Sears and Associates

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THE BLOMSBURY GROUP

TREASURY/FUND

MANAGEMENT COMPTROLLER £85,000 basic + bonus + benefits
The assistant General Manager who will fill this

senior post will report directly to the general Manager of this British bank, the institution has a strong track record in Treasury and capital Markets business and in International Fund Management, where it has over \$2 billion invested, largely in fixed-income securities. We are seeking applicants, aged 35-50, who are currently in senior positions within a bank's treasury term or in a correctly treasury. team or in a corporate treasury. Interested candidates should also have a broad exposure to fixed income products and fund management techniques. Equally important are demonstrable management skills and the ambition to develop them further within a progressive environment.

This is a senior post offering an excellent remuneration package appropriate to the level of responsibility involved.

To discuss this further in strictest confidence please contact Lucy Hartley at the Bloomsbury Group on 01-831 9988.

# **FUND MANAGER** US EQUITIES

The opportunity to run the North American unit trusts in a top quality UK institution.

This position will appeal to a young US Equities Fund Manager who is looking for the opportunity to run performance funds. It is newly created and has arisen as a result of our client's continued growth and increasing specialisation. As a key member of the US desk you will have specific responsibility for running the North American

You are likely to be in your late twenties or early thirties and will have gained a minimum of 2/3 years' experience in US Equities fund management. Although this need not have been on unit trusts, you must be able to demonstrate a good record of performance in managing US

The Company is a major force in investment management in the UK and enjoys a fine reputation for the quality of its services and its team-orientated management style The position carries a highly competitive remuneration package, including a Company car and concessionary mortgage. If you would like to be considered, please telephone Michael
Thompson on 01-222 7733 for a preliminary discussion or write to him at: John Sears & Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP.

John Sears

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**CORPORATE FINANCE** 

FCA/ACA **EUROPE** 

An opportunity has arisen in the corporate finance department of a European Investment Bank, to play a significant role in a successful team based in London, servicing clients in Scandinavia and Continental Europe. The candidate aged 27-30, will be a qualified FCA/ACA, and have between 2-5 years experience in domestic and/or international corporate finance. The scope of the position will include such areas as listings, corporate advisory, equity and debt related financings, some M&A, rights issues and restructurings.

A highly competitive salary and bonus programme will be offered for this position in addition to usual banking

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Marise I. Palmer 30 St. James's Street London SWIA 1HB 01-925 1099

**FOREIGN EXCHANGE** SALES/CONSULTANCY

Provide advice on money markets and the management of foreign currency positions to multinational corporations and commercial banks. You will be backed

up by extensive computer software used for identifying

market trends as well as a wide range of financial services relating to information distribution and

back-office work. The work includes marketing and travel throughout italy.

An opening is available for a junior consultant. Ideally, you should have a degree in finance or economics and work experience relating to foreign exchange or

international treasury operations. Fluency in both Italian and English is essential. This is an ideal position for a

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MARKET OPPORTUNITIES

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- Lesting cky house requires county analysts with
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"self-starter" who can work independently.

Please send a detailed C.V. to:

THE POSITION

QUALIFICATIONS

# **HEAD OF BOND TRADING**

The opportunity for an experienced trader to run the trading function in a major European bank.

This is an opportunity for an experienced professional bond trader to develop the bank's London branch trading activities through the management of a young highly motivated team. The bank has a major presence in the primary capital markets and is currently poised to extend its range of investment banking products.

Your job will be to bring a high level of competence and experience to the team's existing trading activities and to personally lead the trading operation. You should preferably have gained

experience in trading Deutschmark denominated paper, with good experience in other major currencies. An ability to speak German would be a distinct advantage.

The position carries a very attractive compensation package with full banking benefits. If you would like to be considered, please telephone Christine Hough on 01-222 7733, or write to her at: John Sears & Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP.

# **SENIOR SPOT STERLING DEALER**

An attractive opportunity to set up a new function in a major European bank.

This new position will appeal to an ambitious Foreign Exchange Dealer with at least 4 years' experience in the Spot Sterling market. It offers the chance to add an important dimension to a newly created small team already trading in three major currencies. As the deputy to the Chief Dealer you will also be required to play a part in determining overall

trading strategy. You are likely to be in your late twenties/early thirties and will be keen to join a prime European Bank committed to the establishment of a strong Spot section with realistic profit and growth objectives.

The position offers an attractive package which will include a highly competitive base salary, car, mortgage subsidy non-contributory pension and performance-related bonus paid twice a year. If you would like to discuss this position, please telephone
Stephen Cartwright on 01-222 7733 in complete confidence or write to him at: John Sears & Associates, **Executive Recruitment Consultants,** 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP.

John Sears
and Associates

# NORWICH UNION FUND MANAGERS ----

# SENIOR ANALYST

Norwich Union Fund Managers, members of IMRO and managing total funds in excess of £12 billion, seek a senior investment analyst to join their research team. The post is in Norwich, a prime location within easy reach of the City.

Operating as a specialist unit within the equities department, the research team is committed to providing fundamental indepth and often original research on UK and international equities. Using the additional insight that such analysis produces, the team aims to identify those investments in which the funds under management should have a significant exposure. The fundamentalist approach is not constrained by any sectorial or geographical limitations.

Working closely with the head of the team, you will have the opportunity to play a strategic role in the direction, acti-vities and future development of the research eroup.

A sound analytical training coupled with an enquiring mind, good communication skills and a high level of self motivation are essential. It is unlikely that anyone with less than three years' relevant experience will have the necessary qualifications for the post.

Norwich Union is one of the fastest growing insurance and financial services groups in the UK, a market leader and an equal opportunities employer.

The successful candidate will enjoy an attractive and fully competitive remuneration package and comprehensive relocation assistance where appropriate.

Please apply to:

Miss Phyl Scott Personnel Superintendent Norwich Union Insurance Group Surrey Street, Norwich, NR1 3NG.

NORWICH

### **MANAGER** — **PROPERTY FINANCE £Negotiable**

Our client, a major European bank with a vigorous and thriving London branch, seeks to recruit a senior banker, aged 30-35, with up to 5 years' experience in UK commercial property finance. In the newly created position of Manager — Property Finance the person appointed will take over the existing portfolio and spearhead an expansion of the bank's involvement in

The primary task will be to formulate and implement a successful, profitable business programme based on a combination of market contacts and existing leads sourced by our client. An essential part of this process will be the establishment of a mutual interface with the head office property group and senior branch management. The successful candidate must therefore be a self-starter with excellent negotiating skills and the ability to operate largely unsupervised.

This new position will most likely appeal to an established member of a successful UK property finance team who seeks a career development move offering greater responsibility and flexibility in a more stimulating environment. An attractive salary and benefits package is available which reflects the position.

For further information, or to discuss this position in confidence please telephone Bryan Sales or Katherine Chubb on 01-247 7632, or forward a detailed CV (Fax: 01-247 1411).

PFE ASSOCIATES

**Bowl Court** 231 Shoreditch High Street London E1 6PJ Telephone: 01-247 7632

**EXECUTIVE RECRUITMENT CONSULTANTS** 



The Copex Group is structured to meet the growing demands of sophisticated. international financial services. This is achieved through the co-operation of specialists in W. Germany and Ireland



Recently established in Shannon, Copex International Finance & Trading Ltd. will play a key role in the Group's expansion. In order to market our financial services to institutional and corporate clients in Europe, there are vacancies in the SHANNON, AMSTERDAM and MUNICH offi-

International Financial

# MARKETING EXECUTIVES

SECURITIES TRA

Reporting to the Managing Director, the ideal

candidates will currently be working in an inter-

national capacity with a bank or financial institution

or with a brokerage house. He she will have direct

experience of negotiating, structuring and

completing substantial funding contracts or of

international securities trading. This exciting and

genuinely challenging opportunity involves extensive:

international travel to develop new business.

Candidates will be aged between 25 -35 years, university graduates with at least 3 years' experience, combined with the requisite international exposure. Competitive package offered,

Please send your written application to the Managing Director, Copex Ltd., or for further details on a confidential basis, contact our Irish company solicitor, Mr. J. Sexton, under 353-61-313222.

Copex International Finance and Trading Ltd., Unit 7, Shannon Industrial Estate, Shannon Free Zone, Co. Clare, Ireland.
Tel.: 353-61-360200

### COMMERZBANK

### **LDC Sovereign Risk Management**

Commerzbank - one of the world's leading banks - actively supports international efforts to deal with the debt crisis. Our LDC debt portfolio is

managed by the Sovereign Risk Unit of our International Banking Department in Frankfurt, where we are currently seeking:

### • one experienced international credit officer one junior international credit officer

Candidates should ideally have practical experience in at least one of the following:

O LDC asset trading, O Debt/equity swaps or similar transactions,

O LDC debt rescheduling.

Fluency in English and in German is required; knowledge of Spanish would be an additional advantage. Both positions offer substantial benefits and excellent opportunities for career development within the Commerzbank Group

worldwide. We will be happy to assist you in relocating to Frankfurt.

Please forward your reply, briefly outlining your educational background and professional experience to date, to

Commerzbank AG, Zentrale Personal-Abteilung - Betreuung Ausland z. Hd. Frau Cavello Postfach 100505 D-6000 Frankfurt 1 Telephone: (69) 1362-4624 Telefax: (69) 1362-3064

Commerzbank. German knowhow in global finance.

# **Acquisitions Manager**

**Gulf States** 

US \$80,000 neg tax free + benefits

Our client is a major investment institution with a you will have a minimum of five years' relevant prestigious portfolio and an excellent standing among the International financial community. Increased world-wide activity in the Real Estate Group has created a first-class opportunity for an experienced Acquisitions Manager.

Reporting to the Director, you will be responsible both for new real estate acquisitions, such as commercial, industrial and shopping centres and for disposals of existing portfolios. In addition you will provide strategic investment advice, evaluation of development potential and performance analysis. Ideally a qualified Chartered Surveyor or equivalent,

with school fees.

experience in the UK and European markets. Exposure to a wider international market and a knowledge of additional languages will be a distinct The remuneration package reflects the seniority of

this role and includes: a negotiable tax free salary, free accommodation, 45 days annual leave, transportation allowance, free medical care, first-class travel for the entire family and generous assistance

Please write in confidence, with full career details to John Strang, quoting ref: 1253/3.



MSL international (UK) Ltd. Offices in Europe, the Americas, Australasia and Asia Pacific.

### **JOB OPPORTUNITIES**

A reputed petrochemical company in Saudi Arabia needs to fill the following positions very shortly:

### **FINANCE MANAGER:**

**Qualifications: Chartered Accountant** 

Age:

Minimum 15 years in senior managerial positions with large industrial groups. Preferably 5—7 years of which in chemical industry.

Besides having a proven track record to administer and handle the entire financial management and general accounting functions, the candidates must have considerable know-how and expertise in the following fields:

- International trade and business practices.

Management of large treasury functions.
Negotiations and dealings with international banks and financial institutions.

- Computerized management information systems. - Risk management function.

- EDP management.

- Financial policies and procedures. - International accounting and reporting standards.

### FINANCE SUPERINTENDENT:

Qualifications: CA/MBA/FCMA Age: 35—50 years

Age:

Experience:

Experience: Minimum 10-15 years experience in similar capacity in a large multinational industrial organization, preferably in chemical industry.

Must be fully experienced in the handling and preparation of multi plant accounts, budgets and reports.

Be familiar with integrated financial and cost accounting systems.

Should be well versed with banking, insurance and commercial matters. Must have experience in new projects/investment accounting.

Must be familiar with computerized accounting setup. Be familiar with international accounting policies and procedures.

Preference will be given to Saudi Nationals, followed by Arabic-speaking and Middle Eastern Nationals with transferable Iqama.

Attractive salary will be offered (non-taxable), depending upon qualifications and experience and the results of interview. Other benefits include free-furnished housing or housing allowance, free medical

treatment and 30 days annual vacation. Please apply with complete bio-data and contract address and telephone number to: P.O. BOX 553, DAMMAM 31421, KINGDOM OF SAUDI ARABIA. Attn. Personnel Manager

Last date for receipt of applications is 15 April 1989.

### Appointments Advertising appears every

Monday Wednesday Thursday

Legal Appointments General Appointments Accountancy Appointments



Den norske Creditbank (Luxembourg) S.A./ which was established in Luxembourg in 1974 as a wholly owned subsidiary of DnC, offers to its customers throughout Continental Europe services within the following fields: Foreign Exchange, Treasury, Securities, Private Banking, Corporate-,

Trade-, Shipping- and Project Finance. In order to strengthen our credit department we are looking for a

### **CREDIT OFFICER (M/F)** SHIP FINANCE

with experience in developing and maintaining business relations with major clients.

The successful candidate will be aged between 28-35 years with a university degree and will have had experience of credit evaluation, marketing and loan management in shipping and/or finance companies. The position will require creativity and an ability to work independently. The candidate should also have the ability to work with an established and experienced international team.

English, spoken and written, is essential. Knowledge of French, and/or German would be an advantage.

The remuneration will be favourable, and we offer interesting challenges in an active international market.

For further information, please contact Karl T. Lowzow, Assistant General Manager, or Leif E. Nelson, General Manager, tel. (352) 21101 Written applications, which will be treated in strictest confidence, should be addressed with a resume and copies of references to: Jean-Claude Bintz, Assistant General Manager

Den norske Creditbank (Luxembourg) S.A.

Boîte postale 297

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U.S. Equities

### PORTFOLIO SPECIALIST

### Kuwait

KUWAIT INVESTMENT COMPANY (S.A.K), Kuwait seeks a Portfolio Specialist experienced at a senior level in portfolio management of U.S. Common Stocks and Convertible Securities. Experience in European Equities Markets would also be helpful. The successful candidate should be in his 30's, have at least 5 years of equities portfolio management experience and a solid educational background in finance. The package of benefits includes attractive salary, fully furnished accommodation and other benefits. Please reply in writing, enclosing a detailed curriculum vitae, to:

Kuwait Investment Company (S.A.K.) Administrative Manager P.O. Box 1005 Safat Kuwait

International Organization with Headquarters in Geneva, Switzerland, and operating worldwide, seeks qualified candidates for the position of:

### **TREASURER**

Responsible for the financial operations and management of the Organization's fund, as well as for the formulation of policies concerning disbursements, foreign exchange and investment.

Candidates should hold a university degree in economics or business administration; qualifications required include several years of experience with progressively increasing responsibilities in dealing with international banking and financial management; ability to supervise and direct staff; thorough knowledge of English and French.

Applications with detailed curriculum vitae and recent photograph should be addressed to Cipher G 18-118584, Publicitas, CH 1211 GENEVA 3, Switzerland

### Commercial Swiss Bank is looking for a SHIP FINANCE EXECUTIVE

who has an experience of ten to fifteen years in ship finance and preferably in Maritime Law, capable of very conservative assessment of ship loan applications. Compensation and benefits, commensurate with the

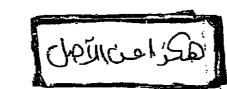
If such a challenging activity appeals to you, please send your resume in confidence to the Personnel Manager, Cipher 18-118583, Publicitas, CH-1211

**APPOINTMENTS** WANTED

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Way.

General Manager - Geres ral manager, 41; English (fluent en), 10 years experience in saint general management in Germany sical envices, observato producto) Write Ben At 161, Physicial Times, 10 Chines Street, London 2007 45Y



### **TECHNOLOGY**

Bernard Fruiln with the lever pack at Rocep's factory

# Pressures behind an aerosol idea

Pollution issues are proving a boon to a Scottish inventor. James Buxton reports

s anxiety grows about the depletion of the ozone layer and the heating of the earth's atmosphere, a small company in Glasgow is pondering bow to exploit an invention which could lead to an environment-friendly

and efficient aerosol. "I feel that the Almighty has smiled on us," says Bernard Frutin, an inventor who runs a company called Rocep Pressure Packs. "When I took out patents on my invention six years ago, these environmental questions simply weren't issues." Frutin believes that he has found

an answer to many of the drawbacks associated with aerosols. A typical aerosol contains a mixture of product such as shaving cream or furniture
 polish — and propellant gas, which imfil very recently was likely to be a chlorofluorocarbon (CFC). When the valve at the top of the

can opens, pressure forces out a mix-ture of gas and product. Apart from the damage caused by CFCs to the ozone layer, which acts as a shield against ultraviolet radiation, the con-ventional aerosol is inefficient since a large portion of its contents is propellant - at least 40 per cent in most

cases.
Frutin's invention involves inserting two plastic pistons inside the can

below the product. Beneath them goes a very small quantity of propellant. When the valve at the top of the can is released, the propellant pushes up the pistons thus forcing out the prod-uct. (Two pistons, with a viscous liquid seal between them, are required to prevent the propellant leaking around the edge of a single piston). The system keeps the propellant

and the product separate. Furthermore, very little propellant is needed – just 3 millilitres for most 200 milli-This type of aerosol would be par-

ticularly apt for products such as creams and toothpaste, which are not suitable for mixing with propellant gas. But it could also be used with less viscous liquids such as hair spray, the spray effect being achieved by means of a special kind of nozzle. The extra cost of the piston arrangement should be offset by the fact that far less propellant gas is needed than far less propellant gas is needed than in the traditional aerosol.

As for the gas itself, aerosol manufacturers are moving away from CFCs because of their effects on the ozone layer. Beecham, a leading aerosol producer, said last week that it had switched from CFCs to butane gas. But this is highly flammable, presenting safety problems in its manufacture, and it also creates carbon diox-

ide, which contributes to global warming through the greenhouse

Frutin uses an HCFC gas in his products. The H stands for hydrogen which destabilises the CFC combination so that it lasts in the atmosphere for seven years instead of about 75. HCFCs are much less destructive to the ozone layer than CFCs. The fact that HCFCs cost about five times as much as CFCs is compensated for by the small quantities used. Frutin

hopes to develop a more benign gas.

Rocep has yet to market its aerosols. But its pressure pack system is used in its patented lever pack, Frutin's original invention. The lever pack dispenses viscous liquids, such pack dispenses viscous liquids, such pack dispenses viscous liquids, such packets. as silicone sealant. Plumbers and do-it-yourself enthusiasts, for example, use it to fill the gap between a bath and the wall. The conventional dispenser cartridge, usually a tube or syringe pack, can produce a flow which is difficult to stop promptly and which may leave the nozzle

in Rocep's lever pack, the user sets the desired flow rate by turning the nozzle, then presses the lever. A propellant pushes up the pistons and pro-duces an even flow of the sealant. For the past two years, Rocep has been manufacturing and filling lever packs for Unibond for sale in the UK and a few weeks ago signed a contract with Unibond's West German parent company Henkel, giving it exclusive rights to distribute lever packs of allicon sealant in continental Europe. Rocep also supplies lever packs to the home products division of General Electric of the US which has exclusive rights in the North American market.

GE has agreed to take products worth a minimum of £27m over a 10-year

"It was essential to grant a major company exclusivity since this was a product which the customer had to be educated to use," says Frutin. GE car-ried out an advertising campaign and Henkel is doing the same. But as understanding of lever packs spreads, education may become less important and Rocep has retained the rights to use it in such markets as aeronautical products, printing ink and elsewhere. The GE and Henkel contracts, with their advance payments, give solid underpinning to a company that is just two years old, but which has products patented in more than 40

It took several years for Frutin to find the finance to set up a manufacturing operation. A chance encounter in Glasgow with a family friend, Mr (now Sir) Matthew Goodwin, chair-

man of the construction equipment company Hewden-Stuart, led to that company taking a stake (now 38 per cent) and performing a godfather-like role to the pascent business. An Edinburgh venture capital company, Dar-naway Ventures, later took 19.5 per cent and Frutin has the same propor-

Last year Rocep bought a semi-dere-lict factory complex in Reafrew stretching over seven acres, with 150,000 sq ft of manufacturing space. The company now takes up 25,000 sq ft and, with an eye to expansion, has a computer system capable of han-dling 72 terminals, although it cur-rently only employs 65 people. Last year it produced almost 2m

cans and expects to produce between 3m and 4m this year. "To tell you the truth we don't know how many they will be buying, but we have the potential to produce about 20m a year," says Frutin. The company has invested £200,000 in an automated line, for long production runs, which is joining the existing manual line. Two further manual lines are planned. Total investment in the plant has been £15m wither greater. plant has been £1.5m, rather greater than last year's turnover. So far Rocep has not made a trading profit. There is considerable potential for lever packs, for which the UK market is estimated at 40m cans a year. But the acrosol market - at 800m cans a

year in the UK alone - is even more tempting. At the moment, Frutin envisages producing aerosol cans under contract for smaller customers and licensing the process to compa-nies with big production runs.

# Swiss company gains twice from hybrid buy

altronic SA, of Switzer-land, his gained access to a branch of micro-electronics technology which neatly complements its own through the purchase of part of Thomson-CSF's hybrid activi-

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It has used the French acquipany, Valtronic France. Val-tronic's technological gain takes the form of a full order book in Hybrid technology, which is undergoing a rehais-

sance.
The other main advantage is that it gives the Swiss concern a production facility in the European Community shead of

the 1992 single market.

Hybrid, or thick film, technology — as opposed to thin film (integrated circuits) consists of a caramic base, or substrate, on to which both chips and other electrical components (can be mounted directly. Interconnections and resistive elements are depos-ited on the base in heat curable paint, rather like painted por-

Although Valtronic is a small company, with about 350 personnel, it is in the vanguard of two types of integrated cir-cuit (chip) packaging technol-ogy: surface-mounted devices (SMDs) and chip-on-board (COB). This technology is generally employed in sub-con-tracting work for applications in telecommunications, watchmaking and medical electronics. In six years the company has increased its revenues to SFr 34m (£13m) and its net

profits to SFr 500,000. SMD technology allows com-ponents such as chips to be soldered directly on to a printed circuit track on a board. The more usual practice is for the chip to have pins which must pass through holes in the board before being soldered. SMDs enable both sides of the board to be used and this assists miniaturisation of

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IN SPAIN

the fields for the transfer of the design that the transfer of the state of the sta

board. Then fine aluminium wires (about 35 microns across) join the chips to the printed circuit tracks. Once tested, the chips are protected with epoxy. Because each chip does not need to be coated before assem-bly, there is a further size and

weight reduction. However, neither SMD nor COB technology can withstand the same high temperatures as hybrid circuits. This gives hybrid technology an impor-tant edge in such applications as power electronics and highfrequency and automotive

products.
Valtronic, based in the Valle de Joux in the Jura Mountains, rose phoenix-like from the smouldering ashes of Switzer-land's watch industry in 1982. The legacy of expertise in min-inturisation was put to good use as it turned to sub-con-tracting for the electronics industry.

the product.
COB technology goes one step further and glues the naked chip directly to the

in Farnham.

Today, Valtronic has shifted course slightly from being a straight sub-contractor and is now designing and marketing its own products. The latest of these is the Valmodem D114, one of the world's smallest modems. It fits inside an IBM or compatible personal com-puter and gives the user access to videotex services as well as computer-to-computer commu-nications. The device has been type approved by the Swiss and French PTTs, the state-run telecommunications authori-

Valtronic's acquisition of Thomson's analogue hybrid business also gives the com-pany an offshore production facility near Casablanca, in Morocco. Thus armed Valtronic is

ready for a revival of the hybrid sector, particularly in the automotive and telecommunications industries. Georges Rochat, president of Valtronic, says that the latest cars are tending towards

almost as high a value in electronics as in the motor. It is in the barsh environment under the bonnet that hybrid technology scores. Elsewhere in the vehicle, conditions remain suitable for SMDs and COB.

The popularity in Europe of the portable radio telephone and its need for relatively high frequency power - for which hybrids are suitable - has also helped to revive interest in the technology. Hybrid techniques lost

ground while greater emphasis was placed on integrated cirwas piaced on integrated cir-cuits. As a result, there was no concerted effort to maintain the technology's image and pool resources. Now Rochat believes that Europe, currently leading the world, must protect the represent sector. From the renascent sector from incursions by Asian products, particularly those brought in by Japanese auto manufactur-

To this end, Paul Forostowsky, the 30-year-old manag-ing director of Valtronic France, has recently formed



Chip-on-board technology, where a silicon chip is glued to a printed circuit and sealed in epoxy

the European Hybrid Manufac-turers' Club, grouping together some 30 European companies, including Plessey of the UK. At the club's first meeting, on March 6 in Venice, one of the aims will be to agree a com-mon strategy to keep Asian hybrids out of European manu-factured vehicles.

Paul Godden

### Aerial survey provides new view of fallout

A NEW technique for aerial survey has helped to trace the pattern of radioactive fallout in Cumbria, stemming from the Chernobyl nuclear disaster in April 1986.

A central spine of radioactivity, running north to south, has been identified by the sur-vey, which also indicates patches of low radioactivity elsewhere in the area in which the movement of sheep is restricted. The information is contained in a report, Aerial Radiometric Survey in West Cumbria 1988, which was car-ried out by the Scottish Universities Research and Reactor Centre (SURRC) for the Ministry of Agriculture, Fisherles and Food.

and rood.

The ministry will use the survey to identify sites of low contamination suitable for early release from restrictions. It also wanted to examine whether any local, high con-centrations might be making a disproportionate contribution

to levels in sheep.
The aerial monitoring technique measures radiocaesium levels, as becquerels per square metre, in vegetation and in underlying soil or rock down to a depth of 30 cm.

Outside the restricted area, elevated levels of caesium were recorded in the Ravenglass estuary. The radionuclides present were characteristic of routine low-level marine discharge from the Sellafield nuclear plant, rather than from the Chernobyl accident. Data on this have been published for many years.

The survey was carried out by helicopter between August 22 and September 3, 1988. More than 1,800 readings were taken from an area of 45,000 hectares. Copies of the report are available free of charge from the Ministry of Agriculture, Fisheries and Food, Publications Unit, Lion House, Willowburn Trading Estate, Alnwick, Northwesterland, NESS 2015

Northumberland, NE66 2PF.

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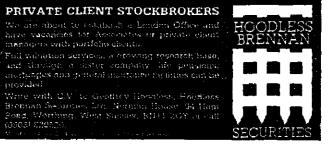
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### **COMMODITIES AND AGRICULTURE**

# S African vanadium output jump planned

SOUTH AFRICA, which supplied about three quarters of the non-communist world's vanadium last year, is projected to produce about 40 per cent more of the steel alloying metal by 1990, raising the spectre of over-

supply.

Recently Mr Les Boyd, the chairman of Highveld Steel & Vanadium, estimated that the non-communist world produced about 90m lb of vana-dium last year of which South Africa contributed about 65m

According to official figures the country's production slipped to 62.7m lb in 1987 from 1986's 65 4m Th Most of the planned increase

is expected from a new facility based on reserves of titaniferous vanadiferous magnetite in the nominally independent nomeland of Bophuthatswana. The project, designed to produce 9,000 tonnes (19.8m lb) vanadium pentoxide annually, is a co-operative venture between Union Steel Corporation (Usco) and Rhombus

### Zaire attempts to support cobalt price

By Kenneth Gooding, Mining Correspondent

IN AN attempt to boost the free market price of cobalt, Gecamines, the state-owned Zairean group, has bought 79 tonnes of the strategic metal stockpiled in France.

The deal coincides with the

publication of a report by the London-based Roskill Information Services group which suggests supply of cobalt is likely to outstrip demand by a large margin and there is little reason to expect any wild price fluctuations.

There have been market rumours that Gecamines bought the metal at \$7.50 a lb. The company told Reuter that it had bought 79 tonnes for March delivery but would not

reveal the price.

Gecamines is the world's major cobalt producer. accounting for about 45 per cent of supply, and is currently charging \$8.40 a lb. An official said: "We don't want to heat up the market but we believe prices are too weak."

Roskill points out that the US is so concerned to keep a secure supply of cobalt for the super-alloys which go into its gas turbine military aircraft engines that it has built a stockpile totalling about 24,100 tonnes - nearly equivalent to annual world output.

The US concern stems from the fact that between them Zaire and Zambia account for over two-thirds of cobalt output and the metal also suffers from all the disadvantages of being a by-product (of copper Vanadium price

Sep 1988

Exploration (RhoEx) to exploit what is described as a "high-grade" deposit stretching over a distance of 17 km. Ore reserves are estimated to be sufficient to support production for about 100 years but their vanadium content is only half that of the Kennedy's Vale deposit being mined by Vansa Vanadium since last

RhoEx's 70 per cent subsidiary Rhombus Vanadium (Rhovan) is to raise R20m (£4.6m) through an issue of share to finance the R22m mine development while Usco will spend R20m converting under-utilised steelmaking plant at its Vereeniging works to produce vanadium pentoxide flake. Brandeis, the German metals company, has been appointed sole marketing agent for the pentoxide. Early last year Mr Boyd expressed concern at the

danger of over-supply develop-ing when Vansa brought its 3,000 tonnes (6.6m lb) a year eastern Transvaal unit into The Vansa mine is scheduled to reach full production by March this year and its production build-up has not affected the market apprecia-

hly.
Mr Boyd admits the RhoEx project presents something of a problem but questions whether the venture will reach full production next year. He adds

**Titanium Sponge** 

European free market (\$ per Kg)

1978 80 82 84 86 88

suggests that a number of dif-

ferent factors have appeared at the same time to produce the

present shortage of supply and consequent price jump.

Of course, the aerospace industry played its part with a record year in 1988.

processing, power generation, marine and ordnance indus-

tries is also in good demand.

This has led to some siphoning

Steel alloy for the chemical.

that full production might not be reached until the mid-1990s as RhoEx irons out wrinkles in its plant. Highveld itself recently

announced plans to increase its present annual production of 50m lb by more than 3m lb in response to strong demand for vanadium alloys by steel tool producers.

The cumulative effect of the

RhoEx, Vansa and Highveld developments should eventu-ally leave South Africa with about 40 per cent more capacity than it had in the first half of last year. f last year. Mr Johan Kaltwasser, Usco's

to benefit from the present strong demand. He believes prices will have to drop when his company's material becomes available but feels this will dissuade prospec-tive Brazilian and Australian producers from entering the

managing director, does not believe his company will enter the vanadium market too late

export market.
Lower prices, Mr Kaltwasser says, will also dissuade spe-

steel alloy producers who nor-

mally use ferro-titanium, which is cheaper.

ducers, with capacity to supply about 25,000 tonnes a year, recently have not been able to

keep pace with domestic demand. Moreover, heavy anti-dumping measures imposed by

the US on Japan during the recession and a high tariff on titanium from the Soviet Union

make metal imported from these sources expensive in the

is rather like a big vacuum cleaner that is sucking away

but there is nothing to take up," says Mr French.

This caused some scrap processors to substitute titanium

sponge, thereby putting even

more pressure on that mate-

Japan, which produces about

As non-Communist world demand increased, supplies of scrap (provided mainly by the aerospace industry) dried up.

"The US aerospace industry

The US titanium sponge pro-

cialty steelmakers from switching to mobium or molybdenum substitutes. Johannesburg metals ana-

lysts expect pentoxide prices to drop sharply if the RhoEx/Usco venture comes into production without major hitches and say without major hitches and say prices could reach as little as the \$2 a lb of three years ago. They point to Highveld's cautious pentoxide price increase to \$4.50 a lb for the first quarter of this year from \$4 a lb in 1988's fourth quarter and against free market prices of over \$10 a lb.

over \$10 a lb. Highveld believes its present price will not discourage use of vanadium steels and that the vanadium market will remain buoyant this year. RhoEz says the possibilities of extracting and marketing by-product iron and titanium are being investi-

The company has titanium exploration interests on the Transkei coast, has explored gold deposits in the Orange Free State and operates the small Sub-Nigel gold mine near Johannesburg.

### Buyers soak up titanium sponge supplies

By Kenneth Gooding, Mining Correspondent

TITANIUM, MAINLY used by the aerospace industry, is the latest strategic metal to receive a big boost in price because of buying from China.

The free market price of tita-nium sponge, which was \$6 a kilogram a year ago but started this year at about \$8, broke through the \$10 barrier last week and this week moved on to \$14.75 a kilogram. This is the highest price for

Titanium metal has been produced commercially for in that time its characteristics of exceptional strength, lightness and corrosion-resistance have made it a metal of extreme importance to the aerospace industry, which absorbs 70 to 80 per cent of 84,000 tonnes produced annu-

A boom in the aerospace sec-tor in 1979 pushed free market titanium sponge price above \$40 a kilogram but a subseonent slump sent it tumbling to about \$3 in 1986-87. Mr Nick French of Wogen Resources, the metal traders,

### off of titanium sponge by the WEEKLY METALS PRICES

Supplied by Metal Bulletin (last week in brackets).

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,080-2,140

BISMUTH: European free per lb, tonne lots in warehouse, 6.50-6.65 (same).

CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, ingots 7.70-7.85 (7.90-8.10), sticks 7.70-

COCOA E/tonne

Turnover:7604 (7821) lots of 10 tonnes (CCO Indicator prices (SDRs per tonne). Daily price for Feb 27: 1117,04 (1134.69):10 day aver-age for Feb 28: 1137.14 (1137.03).

7.85 (7.90-8.10). COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 7.40-7.70 (7.35-

270-285 (280-290). MOLYBDENUM: European

dic oxide, \$ per lb Mo, in warehouse 3.85-3.95 (3.90-4.00). SELENIUM: European free

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Copper, Grade A (£ per torme)

Silver (US cents/fine ounce)

Cash 1795-6 3 months 1699-700

Cash 581-4 3 months 594-7

Lead (£ per tonne)

Cash 342-3 3 months 351-1.5

Mickel (S per tonne)

Cash 18750-850 3 months 17950-8000

Zinc, Special High Gra

Zine (\$ per tonne)

POTATOES L'Abante

Previous

1850-5 1639-90

17900-50

Close Previous High/Low

uns, 99.7% purity (\$ per tonnel

as much titanium metal as the US, has run out of spare capacity. Mr French says some Japamarket, min 99.5 per cent. S per lb, in warehouse, 7.90-8.50

TUNGSTEN ORE: European free market, standard min. 65 7.65).

MERCURY: European free market, standard min. 39.99 per cent, \$ per cen market, min. 98 per cent, \$ per lb VO, cif, 10.60-10.90 (10.50-

URANIUM: Nuexco exchange value, \$ per lb, UO, 11.60 (same).

1824-0 1708-9

581-4 595-9

2042-5 1904-5

362/360

18100/17900

2045/2043 1910/1880

WORLD COMMODITIES PRICES

(Prices supplied by Amalgamated Metal Trading)

1693-5

AM Official Kerb close Open Interest

Ring turnover 25,250 tonne

Ring turnover 32,900 tonne

26,670 lots

63,755 lots

Ring turnover 0 azs

361 lots

9,786 lots

5,967 lota

11,969 lots

Ring tumover 10,850 tonne

Ring turnover 1,914 tonne

Ring turnover 9,725 tonne

Ring turnover 12,025 tonne

17900-8000 6.436 lots

nese steel companies have even taken to using ferro-tita-nium in their furnaces rather than sponge even though this presents tremendous technical

difficulties.
On top of all this, supplies of titanium sponge from China and the Soviet Union to the non-Communist countries have dried up. China used to be a net exporter of titanium sponge but recently has become a net importer. Traders blame Chinese buying last week for sending the price above \$10 a kilogram.

The temporary absence of material from the Soviet Union, which produces about half the world's titanium metal and traditionally is a major supplier of sponge to the free market, is puzzling some trad-ers. But that country has much to gain from a soaring free market price.
The three Japanese thanium

sponge producers, Osaka Tita-nium, Toho Titanium and Showa Titanium, have indicated that they expect to produce at full capacity this year and a shortage of rutile, the raw material for titanium, rules out any immediate increase in capacity. However, two of the US pro-

ducers, Oremet (Oregon Metal-lurgical Corporation) a com-pany now owned by an employee group, and RMI, owned 50-50 by USX Corporation and National Distillers and Chemical Corporation, intend to boost capacity a little this year. Ironically, in 1987 both companies produced at only about 75 per cent of capacity and their parents put them

US MARKETS

### **Forecasters** cut sugar production estimates

By David Blackwell

TWO MORE sugar market forecasters yesterday revised downwards their estimates of world sugar production in 1988-89.

C. Czarnikow, the London trade house, predicted a total of 107.02m tonnes, slightly down from its November forecast of 107.03m tonnes. The International Sugar Organisa-tion (ISO) cut its forecast to 108.1m tonnes from 108.9m

Last week Gill & Duffus, another London trade house reduced its estimate to 107.42m tonnes, while F.O. Licht, the West German analyst, put total production at 1072m tonnes.

Czarnikow has also increased its estimate for 1988-89 consumption from November's 109.12m tonnes to 109.4m tonnes. The ISO, however, revised consumption from the 107.5m tonnes for the 107.5m tonnes to 107.5m tonnes to 109.5m tonnes tonnes tonnes tonnes tonnes tonnes down to 107.55m tonnes from 108.25m tonnes, although its consumption figures are for calendar 1989. Yesterday the London daily

price for raw sugar rose to \$293.20 a tonne, up \$12.70.

The emergence of volume buyers of sugar in the past two weeks has brought renewed confidence to the market, according to Czarnikow's latest sugar report. In addition to last week's purchase of between 400,000 and 500,000 tonnes by the Soviet Union, Mexico bought 450,000 tonnes of

as more of a surprise to the market, says Czarnikow. "Despite ample supplies for

The Mexican purchase came

nearby delivery, some of these purchases are for shipment later this year and they have prompted many to reas relatively tight supply prospects for the year as a whole, with the demand from Mexico highlighting the rapid change which can take place from unexpected quar-

### Pakistan suspends raw cotton sales

By Christina Lamb in Islamabad ted and latest estimates put it at 8.2m, of which 5m are required by domestic industry. He complained: "Our earlier appeals to take stock of the cotton situation and determine export surplus after firm indi-cations of the size of output seem to have fallen on dear ears."

THE PAKISTANI Government appears to have suspended the sale of raw cotton, the country's major export, after criticism from textile mill owners cism from textile mill owners
and private sector exporters
that domestic requirements are
being ignored while no minimum export price has been
announced by the State Bank.
According to Mr Zahid
Bashir, chairman of the Karachi Cotton Association, cotton
avrovits have been stonged

emi Cotton Association, couton exports have been stopped, pending a review of the cotton crop, domestic consumption and export agreements. He said: "export commitments have already crossed 3m bales and continuation of export coles would have adverted."

sales would have adversely affected local industry."

Mr Affab Ahmed, Chairman of the All Pakistan Textile Mills Association appealed to the Government on Sunday to intervene urgently and ban

further raw cotton exports. According to Mr Ahmed the China seeks output boost

ears."

Mr Ahmed added that the domestic textile industry which has invested heavily in new plants with almost two spinning units going into production every month, is being driven towards a critical situation and if the present policy of negotiating further export commitments continues "we would be starved of supplies of raw cotton."

However, cotton ginners have opposed the suspension of exports which they claim is

designed to bring down prices at the time when the major portion of the crop is being delivered to ginning fac-

Silvi

11002

By Colina MacDougail

cotton in China this year has spurred a rise in prices to encourage farmers to grow more, and turned Peking towards purchasing overseas. Cotton futures in New York rallied on Monday, partly on reports that China had bought a substantial amount from the US, traders said. "The sale could show up in this week's export report," one analyst

China's cotton output has fallen steadily since the peak of 6.26m tonnes in 1984 to 4.1m tonnes last year as input costs rose and prices fell. The country needs approximately 5m tonnes of cotton a year to feeds

its industry.
Last year textile mills were starved of raw materials and in consequence exports of clothing, primarily cotton goods, fell

A THREATENED shortfall of and could suffer more this

This could be serious for the country's trade policy. Even in 1988 these exports made up over 8 per cent of China's total, and there were in addition exports of raw cotton and cot-

China's ruling State Council, said last week that prices paid to farmers for cotton would rise, bringing them more into line with grain prices. In recent weeks farmers have recent years farmers have switched out of cotton into other crops, often grain, which has been more profitable. However, this is likely to be

too little, too late. Forecasts for the 1989 cotton crop are already below last year's, as major cotton areas report shrinkage of sown areas by 15

### Beef reforms 'unfair' on UK

By Bridget Bloom, Agriculture Correspondent

COPPER 25,000 lbs; cents/fbs

REFORMS TO the European Community's beef regime which are due to come into force on April 3 are unfair on UK producers and could lead to de-stabilisation in the beef market, a House of Lords Committee believes.

The Select Committee on the European Communities notes that the beef sector is characbetween production and mar-keting decisions and criticises the Community decision to change the support system

Under the reforms. Commu-

nity support for beef and veal will be unified. The variable premium now being enjoyed by British farmers is to be abol-ished. Subsidies paid to pro-ducers will be limited to two flat rate premiums, restricted to the first 90 head of male cattle, and the suckler cow pre-mium, payable to specialist beef producers.

the variable premium should not be renewed but argues that the headage limit, and the exclusion of heifers, will unfairly discriminate against the UK, which has larger herds

and produces more heifer beef that other EC countries. The Committee thinks the premium should be paid on steers and helters. It also notes steers and neners. It also notes that any attempt to move the beef market immediately, or even within a year, from its present surplus position into greater balance between sup-ply and demand runs, the risk of destabilising the market and stabilising the market and provoking demands for help with farmers in the future.

Review of the Beef and Veal

Chicago

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### **LONDON MARKETS**

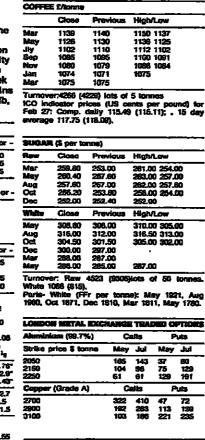
ZINC prices eased on the LME

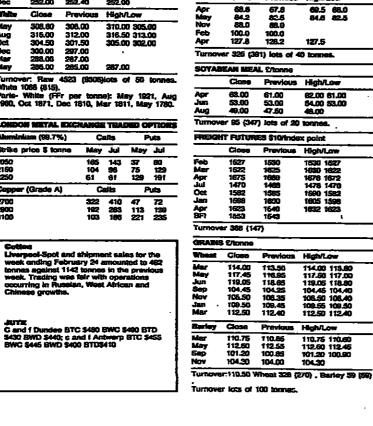
yesterday. Traders said recent lack of , which has seen three months high grade metal trade for several days, was prompting aluminium prices were also down. Cocoa prices were hit by heavy trade selling as the market tried to a the implications of a reported sale by the Ivory Coast to a French trade house. Coffee prices were slightly easier - analysts say the market is now in a technical holding pattern, the

May robusta contract meetin resistance at £1,120 a tonne. Attention is beginning to focus on the possibility of another cut in International Coffee Organisation export quotas next week if the 15-day average indicator remains below the threshhold of 120 cents a lb.

Crude off (per barrel FOR)		<del></del>
		+ or -
Dubai Great Stend	\$14.30-4.35q	
	\$17.05-7.152	
	\$18.10-8.15q	-0.15
Oli products (NWE prompt delivery per to	onne CIF)	+ cr -
Premium Gasoline	\$187-189	+1
Gas Off		-1
Heavy Fuel Cil	\$75-77	-5
Naphtha Retrology Acres Estimates	\$160-162	-1
Petroloum Argus Estimales		
Other		+ ar -
Gold (per tray oz)	\$387.00	-3.25
Silver (per troy oz)-	588c	-6
Platinum (per troy oz)	\$537.00	-1.75
Palindum (per troy cz)	\$143.25	-1.00
Aluminium (free market)	\$2205	-30
Copper (US Producer)	144%-50c	-112
Lead (US Producer)	38.5c	-
Mickel (free market)	840c	+ 10
Tin (European free market)		-80
Tin (Kuala Lumpur market) Tin (New York)		+0.08
Tin (New York) Zinc (US Prime Western)	387.5c 914.c	-25 +24
	<del></del>	<u> </u>
Cattle (live weight)†	109.05p	+0.76*
Shoop (dead weight)† Pigs (live weight)†	158.7 <b>5</b> p 79.18p	+ 12.9*
London daily sugar (raw)	\$293.2u	+ 12,7
London daily sugar (white)		+5.5
Tate and Lyle export price		+11.5
Barley (English foed)	£115.5z	
Maizo (US No. 3 yellow)	£132;	
Wheat (US Dark Northern)	£125.00v	+1.55
Author (spot)♥	57.0p	
Rubbor (Apr) ♥	68.75p	+0.25
Rubber (May) ♥ Rubber (KL RSS No 1 Mar)	67.25p	+0.25 +1.6
		* 1.0
Coconut oil (Philippines)§ Paire Oil (Malaysian)§	\$535u \$405x	
Patro Off (Malaysten)§ Copra (Philippines)§	\$405x \$350z	
Soveboans (US)	\$195.5x	+ 1.0
Cotton "A" index	63.55c	+0.45
Wooltops (64s Super)	647p	
C a tonne unless otherwise	apped popular	~~/kg
		pr/May.
u-MariApr. q-Apr. x-Feb/M		
CAMPRICAL ALAM	W. 112	A Commence

sion average fatslock prices. " change from a





_	LONDON TH	ULLION MARI	Œ
_	Gold (fine a	) S price	2 equivalent
_	Close	385 4 - 387 4	222-22212
	Opening Morning fix	387-387 <sup>1</sup> 2 386.75	222 % -225 % 222,079
	Alternoon for	367.00	221.777
	Day's high Day's low	3871;-3871; 3861;-3861;	
_			
_	Coins	\$ price	£ equivalent
_	Mapleleat	395-403	228-231
	Britannia US Eegle	306-403 366-403	225-231 228-231
	Angel	308-403	226-231
-	Krugerrand New Sov.	385-389 91 <sup>1</sup> 2-92 <sup>1</sup> 2	2517-2317 2517-5327
_	Old Sov.	81 <del>5-8</del> 55	25,5-28,7 35,4-20,4
_	Noble Plat	541.80-650.70	\$11,30-317.05
_			100 -
	Silver fix	p/fine oz	US cts equiv
	Spot 3 months	335,60 347,96	08.353 00.108
	6 months	360.05	617.90
	12 months	381.30	649.35
	CRUDE OIL S		
_		_	48 4 -
-		Jose Previo	
_		6.40 16.60 5.96 16.17	16.50 76,32 16.10 15.84
-		6.53 16.22	16.53 16.23
	Turnover: 18	1 (4004)	
	GAS CEL STO		
	Clos		High/Low '
	Ner 142		143.75 142.00
-	Apr 140.	78 142.75	142-25 140.50
-	May 139.		140.50 138.75 139.75 137,75
	Jul 139.	00 142.00	140.00 139.00
	Aug 141.4 Sep 142.6	50 145.00 30 146.00	141.60 141.00
<u>_</u>	Oct 143.	35 145.50	143.00
*	Nov 145.0		145.00 142.00
	TUNGVEL 600	4 (5763) lata d	100 tonnes

### Close Previous High/Low IN THE METALS, gold, silver and SCYABEANS 5,000 by min; cents/60lb bushel platinum futures are had very dull sessions, reports Drexel Burnham 134.20 131.20 Lambert. Copper prices recovered late in the day as trade buying elected ne stop viar close. The may contract was up 140 points. In the softs, sugar prices gained 20 basis may as steady trade activity firmed up the market. 18.24 17.74 17.42 17.16 16.92 16.75 16.54 16.47 18.17 17.66 17.36 17.12 18.89 16.66 16.45 16.38 18.14 17.65 17.33 17.07 16.84 16.86 16.37 Coffee futures also rose on good trade buying. Cocoa prices eased on commission house and speculative flauldation. Livestock markets were 22.63 23.26 23.84 24.67 24.30 24.45 24.60 24.67 23.25 23.80 24.40 24.60 24.70 24.90 25.00 24.95 22.50 23.16 23.78 24.05 24.25 24.35 24.35 24.75 ed as carryover technical support and commission house short covering countered weak fundamentals in the belly and hogs. In the cattle markets, firm cash prices were offset by HEATERG OIL 42,000 US galls, cents/US galls unwinding of bull spreads. All of the grain markets were higher with strong technical buying featured in the soy complex. Corn and wheat futures saw 5215 5015 4830 4710 4630 4670 4700 4825 5285 5038 4849 4714 4635 4863 4718 4838 SOYABEAN MEAL 100 tons: \$/ton 5075 4890 4780 4575 4700 4760 4825 4960 4775 4860 4580 4630 4880 4820 239.4 237.7 234.7 231.5 227.5 221.5 221.2 220.5 242.0 239.9 237.5 234.0 229.0 223.0 221.5 220.0 239.3 237.3 234.0 231.6 226.6 220.5 218.0 221.0 few deliveries in march, firming those markets. The energy complex continued to remain firm but lack of heavy volume is still being noted. Tight trading ranges are especially seen in the crude oil. Ciose Previous High/Low MAIZE 5,000 bu min; cents/58% byshel **New York** 272/4 278/4 281/6 273/6 271/2 278/0 280/6 273/0 279/0 282/4 275/2 272/4 Close Previous High/Low 387.5 390.4 382.9 395.5 401.2 407.2 413.1 418.0 425.0 387.3 389.8 0 394.9 400.6 408.6 412.5 418.5 424.6 129.46 127.32 122.92 120.12 117.92 117.25 118.56 118.00 394.7 400.8 407.1 412.3 Close 119.75 117.50 118.00 432/4 432/2 404/2 411/0 423/6 428/0 437/4 436/0 407/2 415/0 425/4 428/9 438/2 434/8 406/2 412/6 425/4 428/0 FLATHUM 50 troy az; \$/troy az. LIVE CATTLE 40,000 Ross of 10.75 11.63 11.61 11.50 11.06 11.12 11.00 78.05 75.05 72.80 72.20 71.85 73.15 78.15 0 11.01 10.90 Close Previous High/Low 0 589.0 610.5 620.5 630.0 0 682.0 0 583.0 604.1 617.0 633.5 0 561.0 677.9 37,82 38,15 38,27 37,57 49,37 47,82 50,00 51,20 Feb 27 Feb 24 minth ago yr ago 1952.7 1941.G 1957.3 1765.9 DOW JONES (Base: Dec. 31 1974 = 100)

### **LONDON STOCK EXCHANGE**

# Equities on hold for the trade data

UK SHARE traders took no chances yesterday as worries over interest rates in other European centres kept nerves suropean cannes kept nerves fant in London shead of the UK trade figures for Jamary, due this morning. Any move above £1.5hn in the mostily deficit on UK current account will upset equities, but sterling's reaction is likely to be decisive.

in turnover substantially duced from recent levels, the FT-SE index juggled with the 2,000 mark, settling above it only in the final hour of UK trading, when Wall Street made a from start to the new

Equities started well as Wall of the current FT-SE futures

		·
Accoun	t Denling	Dates
That Dealings: Feb 18	. Fpb 27	War 13
Option Declaration Feb 23	Mar 9	Mar 35-
Lest Dealings: Feb 24	Mer 10	Mer 31
Accessed Days May 6	Mar 20	Apr 10 ·
New time death \$40 are two bear		place trom seffer

Street's overnight improvement encouraged a technical reaction from Monday's setback in the London market. A steadler performance from sterling sootbed some of the worries over prospects for UK interest rates. Equities also benefited from the expiration

contract, which inspired some technical activity in the underlying stocks. The rally survived the news

of a £158m rights issue from London & Scottish Marine Oil (LASMO) as part-financing of its purchase of the North Sea ets of International Thomson. Sheer lack of business spoiled the advance, however, and early gains had been all but eliminated by mid-session.

Although most of the major bine chips managed to recover some of their lost ground, Uni-lever were a dull feature after the board warned of slower profit growth shead. The stock market moved sluggishly for the rest of the

day and with New York slow in early trading, London did not flick higher until very late in the session.

At the close, the FT-SE Index was 5.7 ahead at 2002.4 but showing little sense of conviction. Equity chart analysts mostly agree that the market will correct downwards to the FT-SE 1920-1960 area - the higher figure being the more likely now that 1983 has proved a resting point, according to Mr Robin Aspinall at Schroders Securities. At Phillips & Drew, Ms Amanda Sells believes 2030 would prove the upside barrier even if the trade figures turn out well, after which the FT-SE may fall back

The most discouraging factor was the 13 per cent drop in Seaq-reported turnover to 357.8m shares. The relative quietness of the market may be concealing the effects of this week's changes in Seaq report-ing of large share deals. Whispers of programmed trades yesterday could not be substantiated because large

until the following day. Several securities firms are programming their computers to pick up sudden changes in major share volumes which could reveal completion of a large deal, enabling traders to identify its price.

renewed French interest.

interest after revealing full

year profit figures up 35% at just over £5m.

Investors again took to Jag-uar and the shares rose 5 more

to 313p. A specialist trader said

the effects of the pay dispute have been less damaging than expected on sentiment and

now there is hope of a settle-

to realise this, he continued.

ment. Investors are beginning

Moss Trust, the troubled

USM stock, returned quickly

from suspension and immediately dived deeper on news

that changes in accounting

treatment will "produce a defi-cit on the distributable reserves." This revelation cou-

pled with the omission of final dividend payments on both the ordinary and convertible pref-

deals are now not reported

·	F	INAN	CIAL	TIME	S ST	DCK	INDIC	ES			_
	Feb.	Feb.	Feb.	Feb.	Fab.	Year	198	8/89	Since Co	wnpile	1kyn
	25	27	24	ಡ	æ	Ago	High	Low	High	U	CW
Government Secs	<b>\$7.9</b> 6	87.63	98 DB	88 13	88.31	90.47	91 43 (18:4/65)	86 18 (14/12/86)	127 4 (9/1:35)		1757
Fixed interest	96.57	98.42	98.48	98.41	98 54	90.55	95 67 (25/5/88)	94.14 (8/1/83)	125.4 (28/11/47)		13
Ordinary	1650.C	1644.2	1663.4	1663.7	16.7 7	1439 1	17:4.7 (8/2:89)	1349 0 (8/2/88)	1926 2 (1647/87)	-	1 4 t) 40;
Gold Mines	172.6	1720	1632	163 6	152.4	238.6	3125 (7/1,88)	154.7 {17/2/89}	754 7 (15-2-83)		3.5 (0.7):
Ord. DI, Yield Earning Yid %(fulf) P/E Ratio(Nat)(>)	4,51 11.09 10.92	4.53 11.13 10.68	4.49 11.00 31.01	4.49 11.03 10.98	4.38 10 88 11.13	4 44 10.59 11.47	•	S.E. At		<b>Y</b> 6.27	Feb.24
SEAO Bergalms(Spor) Equity Turnove(Siz)† Equity Bergains† Shares Traded (mi)†	23,582	25,424 1053,88 28,903 458,4	31,351 1565,22 34,297 597,4	29,571 1477 88 32,691 538,3	30,349 1334 51 33,081 510.2	28,764 1008,35 25,973 368,9	Equ.	Edged Bar ity Dargain ity Value	5 59 21,	57 173 98	125.5 227.2 3163.7
Ordinary Share Index	, Hourly d	henges						Jay averag Edged Bar		5 8	:225
●Opening ● 10 2.02 ( 1644.9 1648.6	911 am 15480	● 12 p.m. 2.7647	●1 pm 16432	●2 p.cs. 1646.3	●3 p.m. 1547.1	. ● 4 p.c 1646.	a Equi	ty Borgain: ty Value	š 2:	2.6 92.5	2187 2004
DAY'S HIGH 1850.0 Basis 100 Govt. Secs Gold Mines 12/9/55, S nest.	15/10/26,	LOW 164 Fixed im. y 1974, 쉬	1929, Or	dinary 1/7 *Excluding	/25, ] intra-mo	rket busi	Che	onden Rep 8 Index: To			

## Switch knocks Gussies

Mail order and retail group Great Universal Stores (GUS) fell foul of misplaced market talk yesterday as the shares dropped sharply following the sighting late on Monday of a large switch out of the stock into Marks and Spencer. The business immediately provoked wild talk of profits downgradings and bearish company visits. The downward pressure inevitably took its toll and GUS "A" slumped to 1066p before recovering to close down 30 at 1074p on higher than usual turnover of 1.1m

US securities house Shearson Lehman, widely named as a possible downgrader, denied lowering its forecast for GUS (currently standing at £398m for year-end March 1989) or that it had visited the company. Although Shearson analyst Mr Rowan Morgan said he had heard talk of trading prob-lems at GUS, he is not changing his stance on the stock. "GUS is doing something to sort out its mail order cost base and we remain quite positive on the stock despite the difficult conditions in the

clothing market." A more negative view is taken by another US house, Morgan Stanley, which also had to deny rumours that it had re-rated GUS yesterday. Morgan did say, however, that it is currently taking a "long-term negative" position, mostly because of the adverse affects of last year's postal

Unilever falters

Unilever was marked down quickly on news of 1988's full year profits of £1,454m, which came in at the low end of expectations. The shares were further undermined by profit takers who originally bought Unilever on the back of its well-regarded acquisition of Faberge last month. The shares ended 13 lower at 523p, just a penny above the day's low. Turnover was a busy 8.1m

"Higher US interest rates take some of the gloss off the Faberge deal," said Mr Richard Allen, an analyst at Kleinwort Benson. "The price was ripe for correction." As for the disappointing figures, blame was spread thinly across Unilsver's balance. sheet. "Currency, lower volume growth and low quality profits from property," said one analyst. "Interest charges and exceptional items," said another. Most, however, agreed on

LOWNDES QUEENSWAY,

the furniture and carpet retailer, has appointed Mr

Michael France as group store development director

concepts. He was previously property director at Underwoods.

■ SD-SCICON has appointed Mr Warren Werblow, formerly chief executive of Scicon, to

the new role of deputy chief executive. Europe. He is succeeded at Scicon by Mr Ray Watte who was sales and

Mr John Carlisle, MP for

Luton North, has been appointed a non-executive

director of BLETCHLEY

COATES BROTHERS bes

appointed Mr John Walters as group director for international operations. Mr

Graham North continues as group director for resins and

Mr Malcolm Johnson has been appointed managing director of ROSE PUBLICITY,

and a main board member of

the parent company, Ingleby. He has been with the company

17 years.

Mr Roger Wormal has been appointed chairman of TOM-PAC (UK DISTRIBUTION).

Mr Alan R. Nicholson, chief

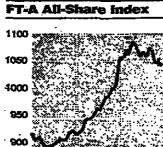
executive of Pilkington

electrographics.

marketing director.

MOTOR GROUP.

responsible for the implementation of new store



Dec where to pitch their forecasts. BZW switched its recommendation from buy to hold as its analyst Mr John Parker cut his 1989 profits forecast from £1735m to £1665m. Kleinwort's chard Allen has also lowered his figures, by £20m to £1630m. Although he reiterated his faith in Unilever's growth pros-pects, Mr Allen said he would not be too surprised to see the shares back toward the £5 level

### before they recover.

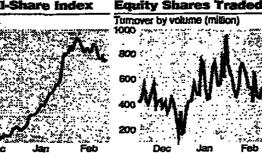
LASMO backlash The oil and gas sector took a knock as the rights issue rumoured on Monday afternoon materialised at LASMO, one of the major UK independent oil and gas groups. The UK group is asking sharehold-ers for £158m, via a rights issue in the ratio of two-for-nine at

375p a share. Lasmo shares slumped to 425p offered at one point, with a five point backwardation established at the same time. Later in the day the shares rallied to close a net 30 lower at 433p. Turnover increased

sharply to 4.3m shares.
Lasmo said the proceeds from the issue will help finance the acquisition of the North Sea assets auctioned off by International Thomson Organisation which Lasmo are buying for £358m.

ties house, said "the use of the squity to finance the deal helps preserve the tax shelter for foreign drilling but has disap-pointed shareholders. As a deal it looks attractively priced, leaves a strong balance sheet and should boost Lasmo to the top ten UK North Sea produc-

**Equity Shares Traded** Tumover by volume (million)



ers by the mid 1990's. The Lasmo fund raising immediately triggered a fresh bout of speculation in the market that Enterprise Oil, the UK's other main exploration and production stock, could well be the next oil group to

ask its shareholders for money. The chances of a rights issue in Enterprise upset the share price which dropped 10 to 525p on turnover of 1.3m. Dealers and analysts said Enterprise could well be interested in acquiring the North Sea assets of Texas Eastern, the US group currently offerings its UK and Norwegian North Sea interests for sale as part of its defence of

the bid from Coastal Corporapay for these assets, which could cost up to \$1.3bn according to the market stories, Enterprise would have to launch a rights issue of some 2500m to £800m. The auction of Texas Eastern's overseas assets closes on March 14. Enterprise's preliminary figures are due two days later.

There was widespread relief in the electronics market at the absence of any fund raising by STC which pleased by unveiling preliminary figures at the top end of market expec-tations. Profits came out at £230m, up 22 per cent on last vear's figure.

Dealers said the numbers Commenting on the issue, were well received, and the Mr. Jeremy Hudson of Shearson shares, which opened at 310p, moved ahead to touch 318p at best before slipping back to close easier on the day at 308p. Turnover expanded rapidly, ending an active session at

The group also revealed yes-terday that Northern Telecom had no plans to sell any of its 27.4 per cent stake in STC and

### NEW HIGHS AND LOWS FOR 1988/89

**APPOINTMENTS** 

With the Woolwich

Mr Peter Robinson (left) and Mr Michael Tuke (right), formerly deputy chief executives of the WOOLWICH BUILDING SOCIETY, have been appointed to the board as operations director and finance director. Mr Bryan Hines, general manager insurance and investments at ICI, also joins the board.

director of public affairs for

GKN from March L He is director of public and governmental affairs, Ford of Britain, and director of

European public relations, Ford of Europe.

Mr. D.J. Hardy has succeeded Mr. D.R. Gardner as chairman of STRINES

Mr M.E. Reeves, sales and

· Mr Leslie Gordon, joint

remains an executive director.

marketing director, additionally becomes company

TEXTILES. Mr Gardner

secretary.

NEW HEIGHS (78).

BRITISH FURIDS (8) Trace. Spc 1989, Trace.

2bc IL "90, Trace. Spc "66, AMERICANS (7) Lockheed, CAMADIANS (7) C. Pacific Res., BAMCS (1) Bank Ireland, BREWERS (7) Scott & New., BULLDINGS (4) Baggaridge Brick, Belley (B.), Galiford, Tibury.

CleptingCall.S (3) Chammay Int'l, Rechem Chemic Serva., Rechemic Int., ECTRICALS (8) Bowdhorps, Date Elect., MTL Instr., HSh. Telacom, Pisto Höggs, "A", BRGSBEFRING (7) ASW, Concentric, Davy Corp., Liurusud, Rechies (G.S.), Sorior Erg., Spirav-Savoo, POGIS (2) Bansons Crisps, Morrison (Wm.), 51,pp Rd. P., HOTELS (1) Jurys Hotal.

BRINETHIALS (15) AAH, Amber Inds., Assoc.

Kaningt, Grafton Grp., Gordon Russell, Health Cans Serva., Huntleigh Tech., Johnson Coursers, Morgan Crucible, Rechem., Sthr., Sor., Str., Boyson Crucible, Rechard. Sthr., Sor., Str., Boyson Crucible, Rechard. Sthr., Sep., Williaste (J.), LEBURE (8) Anglis

appointed chairman of Keith Young Insulation, recently acquired by PILKINGTON.

Mr Glyone B. Jones, is appointed managing director, Mr Steve R. Burton, business

planning director; Mr Philip

M. Waxman, financial director; Mr Gordon Woodgate, marketing director, and Mr Christopher N. Mathews.

operations director. Mr John

Mr John R. Southgate has

been appointed corporate

Worsley become non-executive .

A. Flett and Mr Albert A.

directors.

TV. Caphai Radio, Central TV. Chyvision, Radio City "A" NV. Radio Chyde, Stott. TV. Therees TV. MOTORS (1) Trispoco 11½ pc "56, NEIWERAPERS (2) Blenhaim Exis., Euronopay Phys. PAPERS (3) Aspen Comme. PKS Grp. TMD Adv., PROPERTY (3) Derwest Valley, Embassy Prop. Grp. (2) Port. Ests. 9½ pc 2002. SHEPPING (3) Mersey Dk. Units., Tiphook, Turnbull Scott, TEXTRES (1) Pains Grp., TRUSTS (6) Dunde & London, Mezzanine C & 1 Tet., Templeton Gorth, Transcott, Sarv., Olla (3) Collato Res., Woodalde, MINES (3) Anglo Amer., Bond Int'l., Rus., Piet., THEN MARKET (2) Taicare, Wivetogate Leis. Wirms.
NEW LOWS (7). BANKS (1) Surstome Suns. CHEMICALS (1) Worthe Storeys, STORES (2) Honeysucke Grp., Pantics Grp., #OUSTRUALS (1) Third MBs., PARESS (1) Barker (C.), MINES (1) S. African Land.

problem taking profits, said a that Japan's Fujitsu had marketmaker. agreed to waive an obligation for Northern Telecom to Among quietly traded Foods reduce its holding by 3.5 per Daigety was the feature climcent as previously agreed with Fulitsu, one of STC's partners. bing 2 to 356p on turnover of 1.5m shares. The market is convinced that a large overseas Dealers and analysis voiced mixed opinions. Some contin-ued to take the view that the 27.4 per cent stake could be stakeholder is about to turn up on the share register, Mr John Spalvins, head of Australian group Adelaide Steamship, has replaced Irish meat millionaire Mr Larry Goodman as the favourite among dealers to

27.4 per cent stake could be used as a platform to launch a full bid for STC — perhaps if GEC/Siemens are given the go-ahead to renew their joint bid for Plessey.

Currency considerations again helped pharmaceuticals advance in a lacklustre market. "That might all change after (today's) trade figures." after [today's] trade figures," said one analyst ruefully. Fea-tures were Beecham (565p up 8p) and Fisons (up 6 at 283p). Fresh American interest was

reported in Reuters, which put on 14 to 650p. The preliminary figures from Sir Alfred McAlpine came as a disappointment to the market. Pre-tax profits were £20.47m, against £31.44m, and were described by dealers as extremely poor. The shares

closed down 15 at 319p, after

312p. George Wimpey shares con-tinued to reflect stories that FAI Insurances, the Australian group, has been increasing its shareholding last revealed as being in the region of 3 per cent; dealers said that the cent; neaters said that the recent spate of buying of Wimpey had been carried out by FAI whose stake, according to one trader, "has almost certainly broken 4 per cent and is on its way to 5 per cent."

Amber Day, clothing manu-

facturer and importer, jumped 21/2 to 49p on speculation that Mr Tony Berry, recently ousted as chief executive of Blue Arrow, will soon join the group to head its expansion pro-gramme. Elys (Wimbledon) jumped 115 to 955p on sudden peculative interest. The Hoare Govett recom-

mendation for clients to "switch out of British Telecom into Cable & Wireless," saw the latter improve 6 to 424p. Whispers of a possible rights issue in Ferranti in the nottoo-distant future left the shares easier at 110p, while the summonses issued against GEC-Marconi upset GEC shares which dipped to 228p on

Racal Telecom rose strongly late in the day after news that US investors held over 10 per cent of the shares following the Goldman Sachs re-rating which triggered the latest bout of transatlantic buying of the

Small companies featured among engineering stocks.

John Williams continued its ascent after another recommendation, this time from a newsletter telephone service. and closed 9 higher at 59p. Trading was brisk and buyers who came in last week at around the 40p level had no

group corporate finance and

ASSURANCE COMPANY, joins

CU Europe as deputy group European manager from March

CONSTRUCTION has appointed Mr David Sterry

and Mr Bill Dixon, former joint deputy managing directors, asdivisional

managing directors of the newly-formed contracting and

property divisions, respectively. Mr Peter Jordan has been appointed divisional director of the plant and tool

hire division, and will continu

as director and general manager of St. Vincent Plant.

EXPORT SOFTWARE has

appointed Mr Peter Clegg to the new post of European marketing and sales director. He was with Cadnetix-Europe.

Mr Gerald Walker-Smith

has been appointed managing director, and Mr Chris Martin

becomes marketing director, of EDWARD DOHERTY.

■ Mr W.F.R. Price has joined FORKWAY as executive

■ Mr Gilles Coulombeau, sales

director, has been promoted to managing director of

ROBINSON INSTRUMENTS.

instruments where Robinson's

previous managing director, Mr Adam Kingdon, has taken

This follows the company's

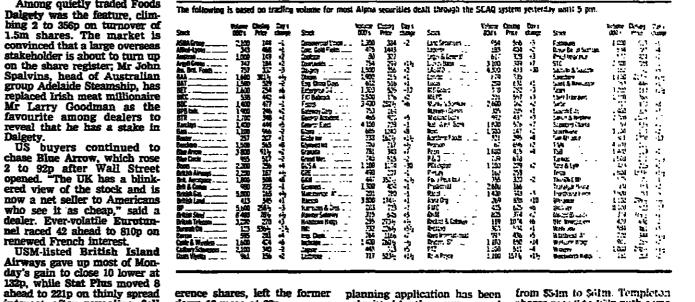
purchase of Bryans

chairman.

planning manager, COMMERCIAL UNION

**■ CLUGSTON** 

### TRADING VOLUME IN MAJOR STOCKS



erence shares, left the former down 13 more at 33p. Awaiting today's preliminary figures, WPP became a

little nervous and slipped back 6 to 678p. Mr Chris Akers and Ms Rebecca Munns, agency sector researchers at Citicorp Scrimgeour Vickers, are looking for pre-tax profits of 538.5m and earnings per share

of 52p. Wates City of London Properties continued to draw strength from Monday's announcement of a 31 per cent increase in its net asset value. The shares rose 5 to 189p as the company announced the acqui-sition of BZW's old City headquarters for over £37m.

Mersey Docks & Harbour (MD&H) units soared to a peak 600p, up 39, after news that planning application has been submitted by the company and partner Olierton Developments for the joint redevelopment of a 32-acre site in Liverpool's north docks. The scheme for the regeneration of the site, called Stanley Dock, will cost

Templeton Galbraith & Hansberger received a re-rating after analysts took stock of a solid second-half trading performance and decided to raise forecasts for the current year. Mr John Chester of Warburg Securiles was particularly impressed with the contribution from the fund manage-ment division. He said there were opportunities for the company to achieve overall growth of 20 per cent this year and was lifting his profits estimate

To the Holders of Warrants

common stock of

NANKAI ELECTRIC RAILWAY

CO., LTD.,

(the "Company")

5 per cent.

AND

subscribe for shares of

from \$54m to \$61m. Templeton shares rose 8 to 163p with some investors hoping for more good news on Friday when management officials meet analysts. Expiry day in the Pebruary

FT-SE 100 Index contract lent the main colour to traded options dealings, as overall turnover came to no more than 26,651 contracts, comprising 14,777 calls and 11,874 puts Business in the index option came to 5,514 calls and 5,812 puts, in a total of 11,356, with the February contract expiring at a settlement price of exactly

Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 25

## **COMPANY NOTICES**

19 7185

120.3328



JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED (incorporated in the Republic of South Africa) Registration No. 01/00429/06

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

russuant to the looker potential of the municipy, take members are informed that the rate of exchange at which payments of the above dividend are to be despectived by the United Kingdont Paying Agents on 10th March, 1999 is 1 rand of 100 ceres equals 22.920555 p United Kingdom currency. The gross dividend payable by the United Kingdom Paying Agents is therefore, equivalent to 180.4457 p per share. Holders of share warrants to bearer are informed that payment of Dividend No 125 will be made on or either 13th March, 1989 topon surrender of Coupon 127 at the Office of Hill Samuel & Co. Ltd., 46, Beech Street, London ECSP 2LX.

Equivalent in United Kingdom currency of dividend declared Less: South African Non-Resident Sharsholders' Tax of 12.71% 20.3924 AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS 140.0513

Less: United Kingdom Income Tax

COUPONS must be listed on forms obtainable from Hill Samuel & Co. Ltd. and deposited for examination on any week-day (Saturday extential) at least seven clear days before the payment is required.

BARNATO BROTHERS LEATED London Secretaries A.F.Sreith (Mrs.) Secretary

NOTES: (1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 160.4437p per share.

(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a cradit appliest the United Kingdom tax bayable in respect of the dividend. The deduction of tax at the reduced rate of 12-25% instead of at the standard rate of 25% represents an allowance of credit at the rate of 12-71% in respect of South African Non-Resident Shareholders' Tax.

### **GLOBAL ALPHA STRATEGY FUND SICAV** comprising PACIFIC ALPHA FUND

**US/EUROPE ALPHA FUND** R.C. Luxembourg B 21433

Notice is hereby given to holders of shares in GLOBAL ALPHA STRATEGY FUND SIGAV that the

ANNUAL GENERAL MINETING
of all shareholders shall be held at the registered office of the Company at 18, Boulevard Royal, Luxembourg, commencing at 11 a.m. on Monday 20th of March. 1989, to consider and vote upon the following agenda:

1) Submission of Directors' report for the year to 31.12.1988,
ii) Submission of Auditor's report for the year to 31.12.1988,
iii) Approved of the Annual Accounts for the year to 31st December 1988,
iv) Discharge to Directors of their duties,
v) Discharge to the Auditor,
etc.

Holders of bearer shares who wish to attend at the meeting should deposit their shares at the registered office of the company at least one business day before the meeting. Copies of the Armual meeting, including flancial statements, will be available at the registered office 15 days before the date

The Annual General Meeting will be followed by an EXTRAORDINARY GENERAL MEETING of Shareholders to consider the following agenda:

i) Proposal, recommended by the board, to amend the Articles of Association of the Company in such manner as may be necessary to permit the company to obtain a licence in Hong Kong.

ii) Proposal, recommended by the board, to amend the Articles of Association of the Company in such manner as may be necessary to permit the company to re-register in Luxembourg under Part 1 of the Law of 30th March 1988.

Copies of the proposed changes to the Articles of Association are available in fulf from the Company.

### **PUBLIC NOTICES**

FREIGHT COMPERENCE MOTICE TO SHIPPERS AND CONSIGNEES

an issue by the Company of U.S.S 100,000,000

NOTICE OF FREE DISTRIBUTION OF SHARES ADJUSTMENT OF

SUBSCRIPTION PRICE Atlantic Container Line B.V. Cenado Morilimo Limited Caol (1963) Limited Pursuant to Clause 4 (A) and (B) of the instrument dated 23rd February, 1988 under which the above described Wayrants, were issued notice in sereby given that on 15th February, 1989 the Board of Directors of the Company resolved a line distribution of shares of common stock of the Company at the raise of BUS share for each one share to its abundancian of second as

As a result of such distribution, the Subscription Price at which shares are resulable upon essenties of the Warrants will be adjusted in accordance with Clause 3 of the instrument from YEN 1,265,30 with effect from 1st April, 1985.

NANKAI ELECTRIC RAILWAY CO LTD. (By: The Sarwa Bank, Limited as Principal Paying Agent) 1st March, 1969 JOHN WILLIAM JAMES

FREESTON - DECEASED

Pursuant to the Grant of Probate leaved by the Principle Registry of the Futully Division of the high Count of Justice. dated 1st July, 1955, in relation to the Estate of John Wi-tlame Jenses Freeston, decasted late of 11 Braemer Close. Goodelming, Surrey who died on the 18th of April, 1985: NOTICE IS HEREBY GIVEN that all persons

NOTICE IS HEREBY GIVEN that all persons claiming to be entitled under the said Estate are to send by post pre-paid to reference. TRIFERS' of Williams Prior & Company, Temple Bar House, 23/28 Floot Street, London, ECY 1AA 50 as to reach brait address on or before the 3rd day of May, 1999, their full names, addressed and descriptions, and self particulars of their claims, or in default thereof they will be excluded from the benefit of the 3ad Estate unless the Court on application otherwise orders. Dated the 1st day of March 1989

William Prior & Co., Temple Ber House, 23/28 Fleat Street, London, ECCY 1AA.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY

RECEIPTS (EDRS) IN PIONEER ELECTRONIC

CORPORATION

We are pleased to announce that copies of the Jepan Associated Finance Co. Ltd., (JAFCD) Annual Report for the tissel year ended 30th September, 1988, are now available to DBR notices from the Bank of Tokyo, Ltd., Northgate Houte, 20/24, Moorgets, London, ECSR 6DH and The Bank of Tokyo (Luxembourg) S.A. 1-3 Rue du St. Esprit, 1475, Linembourg.

Sack of Tokyo Informational Limited (Depository) 151 March, 1939

PUBLIC SPEAKING Training and appeach writing by eward writing speaker, First leason tree, 81 930 2197.

PERSONAL

### CANADIAN MORTH ATLANTIC

CANADA - INSTED KINGDOM PILAND RATES AND CHARGES IN

The Member Lines of the above Con-terence neve to advise Suppors and Importans that due to increased costs which they have been forced to bear since the tweet of infand Rates were last increased, an upward revision in these rates and charges is unavoka-nite.

The revised levels will become effective on 1st April 1939, the details of which may be obtained from any of the undernated Member Lines.

CANADIAN ATLANTIC FREIGHT SECRETARIAT LIMITED

Stoner House, Kinnroad, Crawley, West Susses RH10 2BG.

Scottish

**Financial** And **Professional Services** 

Times proposes to publish this survey on: Friday, March

The Financial

17th 1989 For a full editorial

synopsis and advertisement details, please contact:

Kenneth Swan on 031-220-1199

or write to him at:

37, George Street Edinburgh EH2 2HN FAX: 031-220-1578

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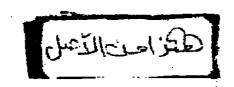
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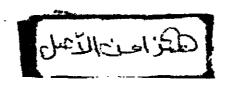
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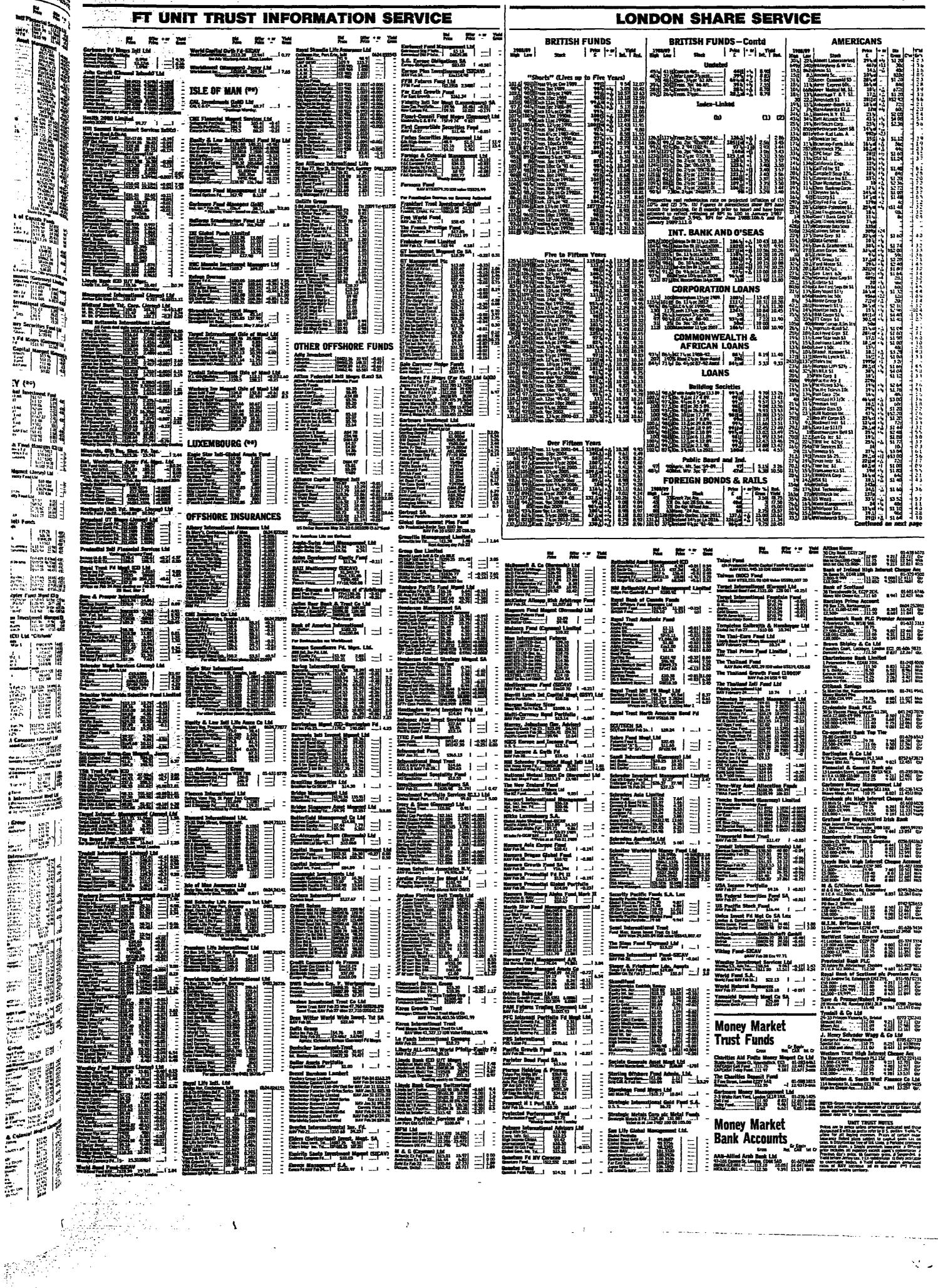
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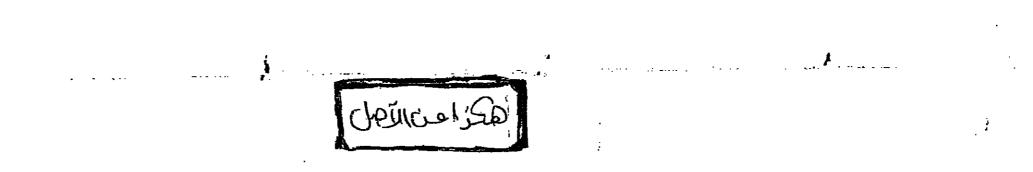


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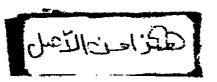
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LONDON SHARE SERVICE BUILDING, TIMBER, ENGINEERING -- Contd **CANADIANS** | The content of the | Bir | State Contd | 1988.87 | Sheek | Sh Price + or - 1449 - 109 - 1349 + 14 12 1349 + 14 12 1349 + 14 1350 | Part | | 156|Baby () 150|Day | 150| 150|Day | 150|Day 2189 42 2 2189 42 2 2189 42 3 2189 42 3 2189 44 5 22 218 44 5 22 218 44 5 22 218 44 5 22 218 44 5 22 218 44 5 22 218 44 5 22 218 44 5 22 218 44 5 22 218 44 5 22 218 44 5 22 218 44 5 22 218 5 218 5 2 BANKS, HP & LEASING **CHEMICALS. PLASTICS** 203 1050u. Co Pri 100 v
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Apple of the second of the sec	480 232035 Water 100 7 100 100 100 100 100 100 100 100 1		\$165   \$154, kneets NV F 110   \$286   \$3.5   \$3.3   \$4.5   \$1.5	15-1 44 pSandwest Milands.  357 203 pSand Cardia NL.  24 +9 27 12 pSandwest Milands.  24 +9 27 12 pSandwest Milands.  24 +9 27 12 pSandwest Milands.  25 +9 27 14 pSandwest Milands.  26 +9 28 -9 28 -9 29 +9 20 -

CROSSWORD

No.6,873 Set by VIXEN

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### CURRENCIES, MONEY AND CAPITAL MARKETS

### **FOREIGN EXCHANGES**

## Sterling a little more confident

STERLING HAD a slightly more confident tone on the forrading was cautious, ahead of today's UK trade figures for January, but the mood of pessimism seen on Monday was much less evident.

It was suggested that even if the January are the second.

the January current account deficit is towards the top of the City's forecast £1bn to £2bn range this will not necessarily mean an immediate rise of 1
per cent to 14 per in bank base
rates. Such a rise, it was
argued, will only insure a hard
landing for the UK economy

later this year.

The rise in base rates since the middle of last year has slowed economic growth, and this has not yet fully fed through into the monthly sta-tistical news. The main fear is that another increase in base rates will not just slow the economy, but could push the UK into recession.

The other major factor yes terday was growing doubt about the direction of West German interest rates and whether the Bundesbank council will sanction a tightening of credit policy tomorrow. Fading fears of a rise in the Bundesbank's Lombard rate helped

underpin the pound.
Sterling rose to DM3.1800 from DM3.1700. The pound also

£ IN NEW YORK				
Feb.28	Latest	Previous Close		
ESpot				
Forward premises and discounts apply to the US dollar				

Forward premiseus and discounts apply to the US dollar						
	STERLING INDEX					
		Feb.28	Previous			
8.30 9.00 10.00 11.00 Nosa 1.00 2.00 3.00 4.00		95.7 95.8 95.9 96.0 95.9 95.9 95.9	96.2 96.2 96.0 96.1 95.9 96.0 95.7			

CURRENCY RATES					
Fd.28	Bank rate	Special* Drawing Rights	European Correacy Golf.		
Startins, U.S. Dollar Canadian S Assirias Sch. Assirias Sch. Belgian Frant Denich Krone Denick Krone Harb Heth Gailde French Franc Laparuse Yea Morray Krone Japaruse Yea Morray Krone Spanish Pesta Serdish Krone, Serdish Krone, Grech Drach	724 592 122 84	0.758232 1.53827 1.59817 15.9017 16.9060 50.4842 2.41054 2.71054 17.79.22 167.22 167.23 151.799 8.35159 151.799 8.3515	0.462774 1.13583 1.36129 14.6090 43.5476 8.06822 2.07452 2.34423 7.06995 1529.96 144.557 7.61855 130.086 1.77132 1.77132		

II COM I GOOD INSTRUMENT		0.777016
*All SOR cates are for	Feb.27	
<b>AUDITHO</b>	-	
CURRENCY	MYYE	2E1:3
	Bank of	Morgae
Feb.27	England	Guaranty
	lades.	Changes %
5-11	95.8	-15.9
Sterling	22.9	+11.6
U.S Dollar		
Cassalus Dollar	101.1	-1.9
Austrian Schilling	1120'8	+9.9
Belgian Franc	100.0	-6.0
Danish Krone	103.4	-1.4
Destsche Mark	1132	+21.0
Series France	708.6	+17.9
CIIdea	1104	

Morgan Guaranty 1982 - 100. Back of	changes: ar England lodes	erage 198 (Base Avera
LiaYes	97.4 151.3	-20.2
Guilder	1104	+13.4
Destsche Mark	1132	+21.0 +17.9
Belgian Franc Danish Krone	103.4	-6.0 -1.4
AUSTRIAN SCHILING	1120'8	77.7

1985 - 1009**Rates are f	orFeb.27 .
OTHER CUI	RRENCIES
E-h 26	

Feb.28	I	2
Asstralia Brazi Firland Grecce Hong Kong Korea(Srid Koncak Lenerubourg Malaysia	31,8850 - 32,0955 2,1815 - 2,1845 1,7345 - 1,7435 7,4275 - 7,445 365,10 - 267,55 13 6005 - 13,6135 122,107 106,585 - 1,175 20 0,50120 - 0,50170 4,7793 - 4,7716 4060 00 - 4077 25 2,8980 - 2,8990 3,3975 - 3,355 6,8340 - 6,4730 48,327 - 4,1385 6,8360 - 6,4730 48,327 - 4,4385 6,9770 - 6,4030	18.2900 - 18.4003 1.2505 - 1.2520 1.2505 - 1.2520 1.2505 - 1.2520 1.2505 - 1.2520 1.2525 - 1.2520 1.2525 - 1.2520 1.2525 - 1.2520 1.2525 - 1.2520 1.2525 - 1.2520 1.2525 - 1.2520 1.2520 - 1.2520 1.25
	"Seliing rate	

**MONEY MARKETS** 

DISCOUNT HOUSES sold some

buy any more bills in the after-

bills to the Bank of England at noon, but gave late assistance rates slightly above the normal of £80m. intervention level yesterday. This indicates the houses were keen to sell bills, on nervous-Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £618m, with bank balances below target absorbing £30m. These factors ness ahead of the UK trade figures for January, although the mood in London was slightly outweighed Exchequer transactions adding £365m to liquidity, and a fall in the note circulation of £40m. In Frankfurt call more relaxed. Dealers took a rather sanguine view of the general outlook, feeling that a rise to 14 per cent in bank base money was firm, with banks prepared to pay above the Lombard rate of 6 per cent for funds. Trading was nervous despite suggestions that the UK clearing bank base lending rate 13 per coul from November 25 Bundesbank council is less likely to tighten credit policy rate may not be inevitable, even if today's trade news is tomorrow, after Monday's injection of funds to the bankdisappointing. Sentiment was helped by

More relaxed view

receding fears of a rise in West German interest rates, at ing system via a short term securities repurchase agreesecurities repurchase agreement tender.

The Bundesbank set another repurchase agreement tender yesterday, offered in two tranches of 35 days and 62 days. There was no minimum bid rate. The money supplied will be needed to offset two expiring facilities totalling DM31.9bn.

In New York the Federal tomorrow's Bundesbank coun-cil meeting. Three-month ster-

cil meeting. Three-month ster-ling interbank closed unchanged at 13½-13½ per cent. The Bank of England ini-tially forecast a money market credit shortage of £250m in London, but revised this to £550m at noon. Total help of £652m was provided. Before lunch the authorities bought £572m bills outright, by way of £15m Treasury bills in hand 2 at 12½ per cent; £488m In New York the Federal Reserve continued to keep downward pressure on overband 2 at 12H per cent; 1488m bank bills in band 2 at 12H-12H per cent; and £69m Treasury bills in band 3 at 12H-12% per night funds, by adding money to the banking system, as Fed-eral funds traded around 9% per cent. The Fed provided \$2.5to via customer repurchase cent. The Bank of England did not agreements.

improved to Y221.25 from Y220.75; to SFr2.7125 from SFr2.7075; and to FFr10.8150 from FFr10.7975.

In terms of the dollar ster-ling eased 5 points to \$1.7445, but faired rather better than most other major units against the US currency. On Bank of England figures the pound's exchange rate index gained 0.1

The dollar was stuck in a narrow range. Last week's rise in the Federal Reserve's discount rate has not provided any significant support, which may be a factor likely to dissuade the Bundesbank from raising interest rates tomor-As speculation about higher

As specialition about nigher German interest rates faded the dollar rose to DM1.8225 from DM1.8170; to Y126.85 from Y126.50; to SFr1.5555 from SFr1.5520; and to FFr6.2000 from FFr6.1875. According to the Bank of England the dol-lar's index rose 0.1 to 66.7.

The dollar finished below the day's peak however, in disap-pointed reaction to fourth quarter US Gross National quarter US Gross National Product growth. The market was looking for an upward revision to 2.6 per cent, but yesterday's revised figure was left unchanged at 2.0 per cent. Some of the pressure tended to ease on high yielding currencies in general. The Canadian dollar had a firmer tone and the Australian dollar improved. In Sydney the Reserve Bank of Australia intervened to support the local intervened to support the local currency when it fell to a low of 78.60 US cents. A steady flow of overseas buying was seen later in the day however, and the Australian dollar rose to around the 80.00 cent level at

the close in Sydney.

In London the Australian currency remained fairly volatile, but did not move far away from the 80.00 cent level, which seemed to represent something of a psychological barrier.

1	Ecu central rates	Currency agricus Eco Epo.28	% clarige from central rate	% change adjusted for divergence	Divergence Healt %
elgian Franc	42.4582	43.5476	+257	+0.85	±1.544
	7.85212	8.08822	+300	+1.29	±1.5404
	2.05853	2.07652	+087	+0.85	±1.0981
	6.90403	7.0695	+240	+0.45	±1.3674
	2.31943	2.34423	+107	+0.45	±1.5012
	0.768411	0.779672	+147	+0.25	±1.6684
	1483.58	1529.96	+313	+2.12	±4.0752

POUND SPOT- FORWARD AGAINST THE POUND								
d.28	Day's spread	Close	One month	% pa	Three months	% %		
da	1.7555 - 1.7465 2.0835 - 2.0750 1.52 - 3.5773 66.45 - 66.85 12.37 - 12.414, 1.1905 - 1.1960 3.137 - 3.184, 261.10 - 264, 91 198.88 - 200.10 2235 - 23494, 11.65 - 11.694, 10.79 - 10.844, 10.79 - 10.844, 10.79 - 10.844, 2014 - 272 229 - 2240 2.704 - 2.714, convertible trans. F	1.7400 - 1.7450 2.0750 - 2.0750 3.584 - 3.574 - 66.60 - 66.70 12.594 - 12.00 11.105 - 11.925 13.174 - 31.84 283.40 - 244.00 199.20 - 199.50 241 - 232 11.674 - 11.684 10.85 - 10.85 10.95 - 10.95 20.4 - 2214 2204 - 2214 2204 - 2214 2204 - 2214 2204 - 2214	0.46-0.43 pm 0.20-0.20 pm 11-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	3.06 1.03 6.06 4.84 5.27 6.37 6.37 1.25 1.35 1.47 8.81 6.61 7.47	1.29-1.24m 0.65-0.53m 55-75m 65-75m 15-75m 1.35-1.45m 1.35-1.45m 20-1.05m 10-5cm 10-45m 41-45m 44-45m 44-45m 44-45m	2.90 1.13 5.86 4.80 4.62 5.13 6.05 0.20 1.28 1.62 8.47 6.30 6.91		

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR								
Feb.28	Day's spread	Close	Case spootja	% DA	Three months	% pa		
UKY irelandf irelandf irelandf canads irelandf Retherlands Retherlands Retherlands Retherlands Retherlands Spala Italy Retherland Retherland Italy Retherland Italy Retherland Italy Retherland Italy Retherland Italy Retherland Italy It	38.10 - 38.40 7.08 - 7.13 \( \) 1.8070 - 1.8305 1.50 \( \) - 1.51 \( \) 1.13.65 - 1.14 \( \) 1.13.65 - 1.14 \( \) 1.13.65 - 1.14 \( \) 1.13.65 - 1.71 \( \) 6.19 - 6.23 \( \) 6.24 - 6.30 \( \) 1.26.65 - 1.27.35 \( \) 1.2.794 - 1.2.671 \( \) 1.2.	1.8220 - 1.8230 15012 - 15014 114.05 - 114.15 1342 - 134212 6.6914 - 6.6914 6.1914 - 6.2014 6.2714 - 6.2814 126.300 - 126.90	0.46-0. Gypm 0.22-0.37dist 0.15-0.18dis 0.54-0.51gpm 1.30-0.95mpm 0.22-0.49dpm 22-24dis 22-24dis 22-24dis 22-25dis 1.50-2.00mmis 0.70-1.00mmis 0.50-0.51gpm 0.70-1.00mmis 0.62-0.59gpm 4.00-3.60gppm 4.00-3.60gppm misses and discuss st. Financial francia	306 283 306 339 139 139 159 166 536 4 539 4 539 4 539 539 539 539 539 539 539 539 539 539	129-124pm 0.72-4.59ds 159-4.55ds 159-4.55ds 159-1.50dpm 3.40-2.80dpm 1.47-1.05am 1.57-1.05am 1.90-2.30ds 0.97-0.70pm 1.90-2.30ds 1.78-1.75am 1.59-1.55am 0.89-1.75am 1.59-1.55am 0.89-1.55	2.90 -2.78 -2.95 -1.85 -2.99 -2.19 -1.23 -1.23 -1.34 5.56 3.404		

E	JRO-CL	JRREN(	TKI Y	FEST	RATES	
Feb.28	Short Sam	7 Days notice	One Month	Tiree Montis	Sk Mostlis	- Year
terilog  S Ooliar  aa. Dollar  L Galler  W Franc  Sestembra  Franc  Sestembra  Fr, Franc  Silan Live  Fr, (Con.)  Con.  Strong  Strong	14 14 14 14 14 14 14 14 14 14 14 14 14 1	ÑŦĠĠĠĠĠĠĠĸĸĠĸĸ ĠŦĠĠĠĠĠĠĸĸĠĸĸĠ	Ā\$138884189933 Ā\$145884189988	191747781386489 19174778788489	1914-6-1818-8-4-69 1912-6-1818-8-4-69 1912-6-1818-8-8-8	13-13-13-13-13-13-13-13-13-13-13-13-13-1

Krone			49-45 102-103			
Long term Enrold t: fire years 10%-1 s' collec.	olians: two years 10% per cent o	: 102-102 per omical. Short to	cest; three year sin rides are cal	s 10.2-10.2 pc for US Dollar	r cent; four year and Japanese	s 10%—10% pr fea; others, to

EXCHANGE CROSS RATES										
Feb.28	£	5	DAM	Yes	F Fr.	S Pt.	H.FL	Lina	C S	B Fr.
£ \$	1 0.573	1745	3180 1822	221.3 126.8	10.82 6.201	强	3.5% 2.057	2342 1342	2.093 1.199	66.65 38.19
DM	0.314	9.549	1	69.59	3.403	0.853	1129	736.5	0.658	20.96
YEN	4.519	7.885	1A.37	1000	48.89	12.25	16.22	10583	9.458	301.2
F Fr.	0.924	1.613	2 939	204.5	10	2.507	쨿	2165	1.934	61.60
S Fr.	0.369	0.643	1.172	81.57	1988	1		863.3	0.771	24.57
H FL	0.279	0.486	0.886	61.64	3.014	0.756	1	652.4	0.583	18.57
Ura	0.427	0.745	1.358	94.49	4.620	1.158	1533	3090.	0.894	28.46
CS	0.478	0.834	1.519	105.7	5.170	1.296	1.715	1119	3,140	31.84
BFr.	1.500	2.618	4.771	332.0	16.23	4.071	5.386	2514		100.

## FT LONDON INTERBANK FIXING (11.00 a.m. Feb.28) 3 pioeths US dollars é atoutis US Dellars

BMA-STEPLDIG St per £

20 TA 7	CHE 707	BIO 104 <sub>6</sub>	Q18 10½
The fixing rates are the arith	metic means rounded to the	curest one-statements, of the b	d and offered rates for \$10
quarted by the market to fire Back, Bank of Tolgro, Desc	sche Bank, Barque Nations	de Paris and Morgan Goars	nth just er ac semant section

	1	IONE	Y RAT	'E\$		
NEW YORK		-	Treasury	Bills and	Bands	
(Lunchtime) Prime rate	. 11월 ] 102-1 영	he mosth we mosth ive mosth is mosth in year we year		9.04 Fire	) C	944
Feb.28	Oremişist.	One Month	Tare Months	Three Months	Six Months	Lombard Intervention
randust. 2 rh 2 rh 5 sirich 6	6.00 6.25 813-914 42-514 62-646 414-424 7.30 71-712	5,90 6,10 91,451 51,4 7,02,7,12 4,4-7,1 121,121 8,6-8,4 74,75	650-670 91-91 <sub>2</sub> - - 71-81 <sub>1</sub>	6.70 6.90 91.74 6.64 7.21 7.37 424-124 83-84 84-84	6.90-7.10 9%-9% 6%-8%	6.80 7.25 - - - - -

LONDON MONEY RATES								
Feb.28	Oversight.	7 days potice	One Month	Three Months	Six Mortis	Çine Çine		
Interbank Offer Interbank Bid Sterling COs. Local Authority Deps	125 10 11 ½	121 124 124	131 131 131	134	13.4 13.4 13.4 13.4	134		
Local Authority Bonds Discount Mict Deps Company Deposits Finance House Deposits .	13	121,	125 131 131 131 131 131 131 10025	12.7 13.7 13.4 12.4 13.4 10.75	137	131		
Treasury Bills (Bay) Bank Bills (Bay) Fine Trade Bills (Bay) Dollar CDs SOR Linked Dep Offer	-	:	1002	124	121 131 10.425	10.475 8H		
SOR Linked Dep 81d ECU Linked Dep Offer ECU Linked Dep Bid	Ξ	=	84 84	814 914 915	83 91 <sub>2</sub> 93	8H 84 94 95		
Treasury Bills (sell); one-month 12% per cent; three months 12% per cent; Bask Bills (sell); one-month 12% per cent; three months 12% per cent; three months 12% per cent; Treasury Bills; Average tender rate of discount 12.5059 pc. ECGD Fixed Rate Sterling Export Finance. Main: up day February 28 1989. Acted rates for period March 26, 1989 to April 25, 1989, Scheme I: 13.90 p.c., Schemes II 8. III: 14.29 p.c. Reference rate for period February 1 to February 28, 1989, Scheme IV&V: 1301 p.c. Local Anthority and Finance House; seven days, include, others seven days, fixed. Finance Houses Base Rate 13% from February 1, 1989, Bash Deputs Rates for surror at seven								

### **FINANCIAL FUTURES**

## Mood of pessimism fades

SHORT STERLING futures SHORT STERLING futures rose on the Liffe market yesterday, as dealers began to feel that Monday's mood of pessimism may have been overdone. Gerrard and National Intercommodities said the markets are clearly nervous before the

UK trade figures, but a base rate rise is perhaps not as likely as the cash market 

LIFFE C/S OPTIONS £25,000 (certs per £1) LIFFE EUROCCLLAR OPTEDA Elso points of 190%

Scile Price 1650 1350 1750 1800 1850 1900 1620 610 340 105 030 130 Jan 10.60 5.60 4.15 2.70 2.20 2.20 2.60 6.40 3.80 1.15 1.10 690 125 220 075 LONDON (LIFFE) Estimated Volume 15797 (24240) Previous day's open Int. 34973 (36437)

Pres, 91,24 90,89 90,88 91,02 91,43 91,42

Estimated Volume 428 (261) Previous day's open lat. 941 (942) Est., Vol. Clar., Figs., and shown) 31160 514509 Previous day's open int., 62561 559650 18gh Low Pres. 202.30 200.60 200.40 206.00 205.05 204.50 208.00 EUROPEAN OPTIONS EXCHANGE

Adam & Company \_\_\_\_ AAB - Allied Arab Bk \_ Allied Irish Bank \_\_\_\_

Henry Assharber
 AIZ Banking Group
 Associates Cap Corp
 Authority Bank
 B & C Merchant Bank

Bank of Cyprus ... Bank of Ireland ... Bank of India .... Bank of Scotland

Bask of Scotland
Basque Beige Ltd
Bardays Bank
Beschwark Bank PLC
Berkner Bank A6
Brit Rk of Mid East
Brits Bigger
Business Mitge Tst
C. Bank Rederland

Cestral Canital .

89.65 89.39 89.41 89.53

1-min. 3-min. 6-min. 12-min. 1.7401 1.7319 1.7213 1.7085

rose to 86.79 from 86.63. Gilt futures also rallied, with June long gilts rising to 97-18 from 97-06. seems to think.
GNI added the Chancellor
will be very reluctant to raise
rates further, since such a

move would seem to endanger the scenario of a soft landing for the economy.

As sentiment improved on
Liffe, three-month sterling for
March delivery rose to 86.58
from 86.46, and June delivery

LIFFE F7-SZ BIBEX PUTURES OFTENS 

LIFFE SHORT STEELING

LEPOP(M SE E/5 OFTENA £12,560 (cetts per £1) Pois-settlements Apr May 1.60 2.05 3.70 4.60 4.45 7.90 10.40 11.95 Mar 0.35 0.30 1.20 6.20 8.40 15.60 20.40

32

83 850 1 92 620 64 4 3 3 3 - - - -216 11.20 - - -15 4.20 8

4,70 2,60 5,50 5,50 8,90 2,50 2,50 2,40 4

4.30 7 1.80 2.30 6.50 6.50

Horthern Bank Ltd ...... Horwich Gen. Trast...... PRIVAThanken Limited . Provincial Bank PLC ....

Members of British Merchant.
Banking & Securities Houses
Association. Deposit now 5.22%
Savewise 8.47%. Top
The-filo,000-1 instant access
Til.72% & Mortgage have rate. 9
Demant deposit 8%. Mortgage
13.625% - 14.00%.

6.40 3.40 1.70 0.80 1.20 2.40 4.50 7.90

FI. 285 FI. 275 FI. 275 FI. 245 FI. 245 FI. 265 FI. 220 FI. 200 FI. 200 FI. 200 FI. 200

599 52 27

2.70

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TOTAL VOLUME IN CONTRACTS: 33,021

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C. Hoare & Co.

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US Tressury bonds rose on US Treasury bonds rose on Liffe, to close at 97-18, against 97-06 on Monday. A lack of an upward revision in US fourth quarter GNP growth allayed fears of tighter Federal Reserve monetary policy.

6 Irregular worker after small ACROSS change (8)
Woman putting a couple of points about America (5)

1 There's many a trainee in Ireland (6) Wrote music undisturbed (8)

9, 27 across cracking nuts

- twits! (6)

10 A holding company (8)

12 Slip back to receive quite dreadful travellers (8)

13 Flighty creature making money with modish curtain material (6)

15 Expansive, unscrupulous, and astute (4)
16 Tom's pert as can be - he

has a certain authority (10)

19 Little page feeling indignant
at offering (10)

20 The girl in a fair-iale

sweater (4)
28 A base with an oil-refining tune-teller (4-4) 27 Dogs men ever-ready to

fight (8)

28 Aim straight (6)

29 Madly enraged by Oriental traitor (8) 30 The French understand a person renting rather than buying property (6)

1 The agency saw pact broken (4-3)
2 This server only holds up a youngster (4.5)
3 Wring – formerly wrong (6)

24 The front cover (5) 26 Sound staple food is produced (4)
Solution to Puzzle No.6,872 MORGAN ACANTHUS
A A S A O E A
ROTATE ASPIRANY
Z A U A T S R I
IMPETIGO BITTER
P L E A A E R E
AWAY AIRIEST
N N A N L T D A
ABASNED DIES
S G R T R S S B
ACACIA SOUTIQUE
N R D S N R U S
ALLEGORY CUSIST
N I E A
ACCIDENT SKATES Stony, but soft in love, a Latin is (4)

8 He's given a rod – not unusual (7)

unusual (7)
11 Means a mischief-maker remains (7)

14 Upsetting clients? Cut it

out! (7)
17 Being late, the seaman has
to take a meal on the ship

(9)
18 Telephone about English cricketer, making allow-

19 Last to get in by personal application (7)
21 Respect constituents for

22 Scout in camp under ideal

showing spirit (7)

conditions (6)

ances (8)

**JOTTER PAD** 

## [FTBI] FINANCIAL TIMES **GUIDE TO**

by Christine Stopp

Why should you become a unit trust investor? Will a unit trust perform better than a building society account? Why unit trusts rather than shares? This guide answers these and other questions and outlines all you need to know to make an informed investment decision about unit trusts. The book provides a detailed explanation of how unit trusts work, how to choose the most appropriate trusts for your circumstances, and how to assess their performance.

The text is copiously illustrated with examples and graphs and is ideal both for beginners to this market and for the more experienced investor.

Contents include: Why should you buy a unit trust • What are you buying • Looking at performance • How to use a unit trust • Unit trusts for income . How to deal in unit trusts . Getting advice • Pricing, distributions and tax • Unit trusts or insurance bonds • The future for unit trusts • Table of management groups • Glossary • Index.

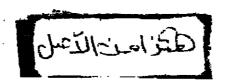
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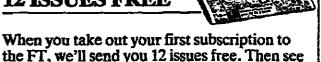
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### **WORLD STOCK MARKETS**

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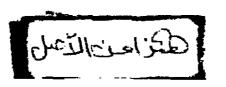
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FINANCIAL TIMES

### **AMERICA**

# Dow rises despite GNP revisions

THE MOOD in US markets continued to stabilise after last week's increase in the discount rate, and equities moved mod-estly higher, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average was quoted 5.71 points higher at 2,256.07 on sluggish volume of 85m shares. Financial markets weathered the release of revisions to fourth quarter gross national product (GNP) and its accompanying inflation indicators, with bonds, the dollar and equities all rising after initial nervousness when the figures

were announced. Fourth quarter GNP growth was left unchanged at 2.0 per cent, compared with expectations of an upward revision to as much as 2.6 per cent. In contrast, the implicit price deflator was revised up sharply to 5.3 per cent from 4.7 per cent reported in preliminary fig-

The fact that markets rose in the wake of the figures suggested that concern about higher inflation has now been

built into markets to a large extent. This explains the fact that the substantial inflation figure was not paid as much attention as the fact that growth in the fourth quarter was more subdued than most analysts had expected.

After the figures, the focus of markets quickly turned to the appearance before the Sen-ate Budget Committee of Mr Alan Greenspan, chairman of the US Federal Reserve, in the

Mr Greenspan said that the fourth quarter figures provided no significant new information about the economy and should not be a matter of concern, a view with which markets

appeared to agree.

He gave a fairly lengthy explanation of the motivations behind last week's tightening in monetary policy, repeating many of the warnings about inflation in an economy which is nearing full capacity and repeating his urgings for mean-ingful cuts in the deficit. His comments did not appear to have much impact on mar-

kets which are treading water after the events of last week.

stocks and bonds was the sta-bility of the dollar after its recent bout of weakness. The Dow's modest rally has to be seen in the context of last week's very sharp losses, when the index fell by nearly 80

The fact that yesterday's buying came in light volume was regarded as a little discouraging by some technical analysts, although there is also a measure of relief that selling has dried up for the time being. General Motors added \$% to \$85% after the company agreed to purchase 35m class H shares, representing its GM **Hughes Electronics subsidiary** from the Howard Hughes Medi-

Columbia Pictures Entertainment added \$% to \$16%, having gained \$1% on Monday on continuing rumours that Sony of Japan may be interested in

buying the company.

Morton Thiokol gained \$3 to \$43. The company plans to spin off its speciality chemicals business from its aerospace operations. The chemicals subsidiary will be transferred to a new company called Morton International.

Structural Dynamics Research added \$¼ to \$19½ in over-the-counter trading on news that it has formed a joint venture with Nissan of Japan which will provide engineering consulting services in the Far

Dow Chemical edged \$1/2 higher to \$94 after saying that it had agreed in principle to buy the performance polyols business of BP Chemicals for an undisclosed sum.

### Canada

GOLD stocks lost a bit of their sheen because of the weaker bullion price, while energy issues lost ground on the lower crude oil price, but Toronto was buoyed by Wall Street's firmness and stood higher at midday.

The composite index rose 6.1 to 3,575.8 on volume of 13.6m shares, but the number of stocks falling outpaced those rising by 278 to 226.

Among golds, American Barrick lost C\$% to C\$26%. Placer Dome rose C\$% to C\$17% after reporting a large natural gas

# **ASIA PACIFIC**

### Tokyo

overseas markets and political instability at home dealt the equity market a serious blow and share prices posted a record loss for the year, writes Michiyo Nakamoto in Tokyo.

from Monday, with 1.19bn shares changing hands. The Topix index of all listed shares also posted a substantial loss of 21.74 to 2,477.23, but the ISE/ Nikkei 50 index, tracking the performance of 50 Japanese shares in London trading, rose

has changed," said Mr Masami Okuma of UBS Phillips & Drew. Not only did the US raise its official discount rate last week, but Wall Street has been weak of late. The feeling is that equities in New York may fall further and, if that happens, the psychological impact on the Tokyo market

political instability.

going up, investors would sim-ply turn to issues supported by the strength of Japan's economic fundamentals, said Mr Hiroaki Hanao of Daiwa Secu-

Although the demand and supply balance is still good, the need to make profits before closing accounts for the year end is over. Under these circumstances, institutional investors tend to look for short-term gains and will sell very quickly once they have made a profit. Interest tends to focus on incentive-backed

157,12 101,459 137,27 180,38 90,40 133,77 119,98 90,40 133,77 146,48 85,88 200,11 159,79 182,24 115,04 84,05 170,76 143,62 139,07 164,47 154,80 86,75 152,54

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# **Bourses** bounce back up but nervousness remains

A BROAD recovery left the picture looking healthier in Europe yesterday, although underlying nervousness remained close to the surface,

urites Our Markets Staff. FRANKFURT bounced from Monday's losses as the view spread that the Bundesbank would refrain from raising key interest rates at its council meeting tomorrow. However, trading remained subdued at DM2.65bn and analysts viewed the upward movement as largely a reaction to recent severe losses which have taken some stocks to the bottom of their current trading ranges.

The FAZ index rose 7.25 to 543.03 at midsession and the DAX index ended 11.86 higher at 1,288.66.

Market opinion is now divided on Thursday's Bundesbank meeting. But many feel that uncertainty over inflation and interest rates will remain, even if the Lombard and discount rates are raised. An increase would bring only temporary relief, they say. "Some-times it's better to have temporary relief than no relief at commented one German

of taste. Among the sharpest rises, Daimler climbed DM15.50 to "It was looking oversold and there was some cover-ing of short positions," an analyst explained

Insurer Allianz dropped DM40 to DM1,690 amid continued rumours that it planned a rights issue or a bond issue with warrants. It is due to hold a press conference today at which it may elaborate on its relationship with Dresdner Bank, in which it holds a substantial stake. There was spec-ulation earlier this month that it was increasing that holding. PARIS also recouped Mon-day's losses, ending more than 2 per cent higher, as index-

linked demand for option stocks and bargain-hunting pulled shares higher. Volumes improved from Monday's low FFr1.5bn level, but were still not great, and were estimated at more than FFr2bn in value. The OMF 50 index added 10.94 to 444.87 and the CAC 40 index rose 39.06 to 1,580.07.

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Malaysia (36)..... Mexico (13)..... Netherland (39)... New Zealand (24) Norway (26)..... Singapore (26).... Snain (42)

Midi and Peugeot were among the more active stocks although Eurotunnel took top place again, adding FFr4.95 to FFr90 with about 1.1m

shares traded.
Midi rose FFr80 to FFr1,550 after shareholders Axa and Generali increased their representation on the board, making likely the resignation of chairman Mr Bernard Pagezy. One analyst said the development led to speculation over a battle for control between Axa and

Demand for option stocks was fuelled by yesterday's expiry of the CAC 40 February contract and the concomitant desire for the CAC 40 index to end the period at a firm level,

Generali.

according to one salesman.

MILAN remained gloomy, both about the global interest rate scenario and the domestic economic outlook, with investors waiting to see how the coalition Government copes with spending cut plans in the wake of the Christian Democrat congress.
The Comit index slipped 12

to 577.49 in trading seen as lower than Monday's thin in the market so it's difficult to comment on it. You try to sell 100,000 Montedison shares and the price falls 2 per cent," said one broker.

Insurer Generali eased L15 to 40,990 but rose to L41,050 in after hours trading on news it had won two seats on the board of France's Cle du Midi, allying itself with the now

dominant Axa group.
Clothes retailer Benetton
ended L200 higher at L10,400. It
announced a L12bn rights issue and said profits were likely to be flat in 1988 before rising modestly in 1989. AMSTERDAM was underpin-

ned by strong corporate news, although the impact was less-ened by caution over interest

### **SOUTH AFRICA**

THE SLIGHT fall in the bullion price left Johannes-burg gold shares a touch weaker overall yesterday, with Vaal Reefs off R2.50 at R299.

MONDAY FEBRUARY 27 1989

99.27 127.02 163.07 137.52 100.28 84.00 106.81 136.35 122.10 122.32 100.32

-0.9 122.25 128.55

US Dollar Index

131.93 101.45 131.44 131.22

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161.86 118.03 98.87 125.71

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

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Base values: Dec 31, 1986 - 100; Finland: Dec 31, 1987 - 115.037 (US S Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 - 139.65 (US S Index), 114.45 (Pound Sterling) and 123.22 (Local); Nordic: Dec 30, 1988 - 139.65 (US S Index), 114.45 (Pound Sterling) and 123.22 (Local); Nordic: Dec 30, 1988 - 139.65 (US S Index), 1987 (Suppright, The Financial Times Limited, Goldman, Sactis & Co., and County NatWest Securities Limited. 1987 (Latest prices were unavailable for this edition.

CONSTITUENT CHANGE: Feb. 27, name change: Germon to Femsa (Mexico).

2.23 145.15

rates. The CBS tendency index

closed 0.4 higher at 162.2 but off its highs. Unilever initially rose F1 2.50 on news of its 20 per cent increase in profits and higher dividend, but profit-taking left it only 10 cents better at a closing Fl 126.60.

Computer company Getronichs added 60 cents to Fl 28 on its 39 per cent rise in profits, which was slightly better than expected. Chemical stock DSM was steady at F1 117.50 after trading began in its share options on the European Options Exchange.
ZURICH benefited from bar-

gain-hunting after its sharp fall on Monday, with the Credit Suisse index adding 2.5, or 0.5 per cent, to 534.6. Banks were firm in spite of

news that the West German federal cartel office was inves-tigating a possible breach of Germany's takeover law by Swiss Bank Corp when it bought two German retailers an investigation linked to the Co-op saga.
STOCKHOLM strengthened

on good corporate results and positive brokers' reports on the orestry sector. The Affärsvärlden climbed 7.7 to 1,081.8, with the forestry index jump-ing 2.8 per cent. Ball-bearing company SKF,

presenting a 32 per cent rise in annual profits, saw its free Bs add SKr5 to SKr454. Saab reversed direction after Mon-day's sell-off, gaining SKr5 to SKr450 after a management briefing with analysts.

MADRID fell further as Banco Central and Banesto remained suspended. The gen-eral index lost 1.37 to 289.46,

while turnover was said to have picked up somewhat from Monday's \$64m. HELSINKI fell as fears of higher interest rates grew, fol-lowing Monday's central bank action to curb lending. The

Unitas index lost 10.9, or 1.4 per cent, to 764.5. Amer's free A shares dropped FM5 to FM159. The company announced the resig-nation of Mr Leif Ekstrom, group president and chief operating officer. It said the move was not connected with last week's \$200m purchase of Wilson Sporting Goods of the US.

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116.89 85.23 112.92 114.109 124.17 96.58 71.35 110.93 123.32 68.65 169.17 134.83 121.31 110.61 122.74 130.85 64.84 125.33 99.01

122.76

# Australia loses its self-confidence

Growing economic fears are hurting shares, writes Chris Sherwell

T IS a rare Aussie broker who wears a smile these days. Forget the idea of share prices retrieving pre-crash levels. Do not anticipate a recovery in the volumes traded. And watch out for the much-predicted shake-out in the industry, because it is still

on the cards.

The widely-watched All Ordinaries index actually rallied with a 15-point gain yesterday to finish at 1,485.3 – but it was hardly earth-shattering. The index has been meandering between 1,440 and 1,540 since mid-November, and there is lit-tle on the borizon to shake the market out of its lethargy.

Volumes being traded are tiny compared with the boom days. If 100m shares are bought and sold in a single day, it is above average. Before October above average. Before October 1987, that figure was topped easily and regularly. Equity raisings too — through flotations, rights issues, placements and options — are much reduced in total value.

That is why few people believe Australia's scores of broking firms when they say they are making money. Some

are, undoubtedly. Others are being propped up by wealthy banking parents. But the real consolidation, as the prospective shake-out is known, is still to come.

In the meantime, a languid

market continues, unhelpfully, to drift sideways. However, the reasons, for once, are different from the customary ones. The usual assumption is that Aus-tralia takes its primary lead from abroad — generally from perceptions about the state of the world economy, more immediately from trends on the big overseas stock markets. Over the past few months, in the wake of the US election, those markets have rallied, but Australia has failed to follow. And the joys of continued

world economic growth, which has brought sustained price rises for Australia's commodities, are being swamped by parochial but serious concerns about the domestic economy. Because of booming domestic demand - a direct result of soaring mining and rural incomes - all the optimistic government forecasts for a declining current account defi-

cit on the balance of payments and falling prices have had to be jettisone

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Instead, the Government, already running a tight fiscal policy at federal level, has driven up interest rates through a heavily tightened monetary policy. It insists it has done enough but the doubters are numerous and noisy. To add to their worries, the Government has promised personal tax cuts, is entertaining the prospect of inflationary

wage claims, and has resorted to "talking down" an overvalued currency.

The overall effect has been to transform a quiet confidence about the future and the Government's economic manage ment into openly-expressed fears that it has lost control.

Market sentiment has suffered badly: The silver lining, if it exists, is that the rally abroad may not be strongly-based - cer-tainly last Friday's fall on Wall Street was less sharp when echoed in Australia – and that the recent weakness of the Australian dollar is good news for foreign investors and for local exporters.

No analyst, however, main-tains that Australia's mining and blue chip industrial com-panies will be able to repro-duce the earnings growth they are displaying in the current financial year.

If the economy experiences a "soft landing" rather than an outright recession, that will help. But the outlook either way is not encouraging for corporate performance, and therefore for the share market.

# Jitters cause Nikkei's steepest fall this year

NERVOUSNESS about weak

After fluctuating narrowly throughout the day, the Nikkel average closed with a fall of 300.17 at 31,985.60. It reached a high of 32,352.20 and a low of 31,951.56. Issues that declined led those that advanced by 560 to 336 while 182 issues were unchanged.

Turnover was little changed

"The market environment

Foreign buying has been a strong impetus to the market and Tokyo investors will be anxiously watching the foreign reaction to the Japanese market's fall.

On the domestic front, the Recruit share sale scandal continued to fuel fears of domestic

While the market was still riding a wave of demand from investors preparing to close their books, it had largely been able to ignore such domestic worries. If interest rates were

There were further gains yesterday for issues linked to Kobe Steel was selected after the company announced a joint venture project with the larg-est US steelmaker, USX Corp. the linear motor car business Fuji Electric, topping the most actives list with 67.9m shares Kobe Steel's recurring profit is also expected to increase by 5.4 times over the previous year. The stock touched a new peak traded, rose Y50 to Y1,190.
Sanyo Electric came second with 47.8m shares, advancing Y7 to Y875. Toshiba, a recent gainer on this theme, dropped however, losing Y30 to Y1,240. at Y919, up Y29, but closed Y10 higher at Y900, falling into third place on the most actives Nissan Motor was driven higher, favoured for its popular list with 45.6m shares dealt. new model car and rumours it Roundup is preparing to raise money. In

the past a company that has finished financing has often gained by being given an extra push by its main underwriter. It is also said that Nissan will be picked up as a recom-mended issue by a leading bro-ker. The stock gained Y30 to Y1,530 in heavy trading. Ebara maintained its

momentum, adding Y100 to Y1,710. The maker of pumps attracted attention for its anti-

THE SLIDE in the Australian dollar brought overseas buyers out of the woodwork, fuelling share price gains in Sydney, but interest rate worries prevailed in Singapore and Hong

AUSTRALIA closed higher as the weaker domestic dollar came to the rescue once again, encouraging overseas buyers. The All Ordinaries index added 15.3 to 1,485.3, helped also by steady bullion prices and the consequent demand for gold

Industrial companies with overseas earnings saw the sharpest gains, and News Corp jumped 25 cents to A\$10.90 while Elders IXL added 5 cents to A\$2.89 on turnover of 1.32m

Adsteam rose 16 cents to A\$6.08 on expectations of a good profits. Howard Smith, which posted interim profits of A\$20.3m, put on 20 cents to A\$3.70.

Mining stocks that profited from the slide in the Austra-lian dollar included CRA, up 16 cents at A\$8.52, and its aluminium subsidiary, Comalco, which finished 4 cents higher

HONG KONG was undermined by concern that domestie interest rates are on the way up, with Tokyo's losses compounding the negative sen-timent. The Hang Seng index

fell 51.5 to 3,012.68. Turnover rose to HK\$1.4bn from Monday's HK\$1.34bn. The Association of Banks holds its weekly meeting on Friday and a half point increase in interest rates is expected

Hongkong Bank dropped 10 cents to HK\$7.20 dirs, Hongkong Land lost 20 cents to HK\$11 and Cheung Kong gave up 20 cents to HK\$10.

SINGAPORE was also sold lower for interest rate reasons, with the Straits Times industrial index losing 12.31 to 1,107.91 in active trading of 60m shares, compared with

-74

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TAIWAN racked up record turnover for the year, as bullishness over the domestic economy fed through into share prices. The weighted index rose above 7,000 for the first time in three months, adding 118.93 to 7,004.44. Volumes rose to 773m shares

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